A BILL TO BE ENTITLED
AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
OF STATE DEPARTMENTS, AGENCIES, AND INSTITUTIONS, AND FOR OTHER
PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE

SECTION 1.1. This act shall be known as the "Current Operations and Capital
Improvements Appropriations Act of 2015."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts
necessary to provide the services and accomplish the purposes described in the budget. Savings
shall be effected where the total amounts appropriated are not required to perform these
services and accomplish these purposes and, except as allowed by the State Budget Act or this
act, the savings shall revert to the appropriate fund at the end of each fiscal year.

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the
maintenance of the State's departments, institutions, and agencies and for other purposes as
enumerated are made for the biennium ending June 30, 2017, according to the following
schedule:

<table>
<thead>
<tr>
<th>State Agency or Division</th>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Administration</td>
<td>$100,170,110</td>
<td>$123,856,856</td>
</tr>
<tr>
<td>Aging</td>
<td>42,845,788</td>
<td>42,845,788</td>
</tr>
<tr>
<td>Child Development</td>
<td>234,612,307</td>
<td>235,311,997</td>
</tr>
<tr>
<td>Public Health</td>
<td>132,633,150</td>
<td>137,500,419</td>
</tr>
<tr>
<td>Social Services</td>
<td>180,508,263</td>
<td>184,688,053</td>
</tr>
<tr>
<td>No.</td>
<td>Category</td>
<td>2014</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Medical Assistance</td>
<td>3,795,972,753</td>
</tr>
<tr>
<td>2</td>
<td>NC Health Choice</td>
<td>47,307,387</td>
</tr>
<tr>
<td>3</td>
<td>Services for the Blind</td>
<td>8,101,025</td>
</tr>
<tr>
<td>4</td>
<td>Mental Health/DD/SAS</td>
<td>710,202,991</td>
</tr>
<tr>
<td>5</td>
<td>Health Service Regulation</td>
<td>16,022,641</td>
</tr>
<tr>
<td>6</td>
<td>Vocational Rehabilitation</td>
<td>37,752,132</td>
</tr>
<tr>
<td>7</td>
<td><strong>Total Health and Human Services</strong></td>
<td><strong>$ 5,306,128,547</strong></td>
</tr>
<tr>
<td>8</td>
<td><strong>NATURAL AND ECONOMIC RESOURCES</strong></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Agriculture &amp; Consumer Services</td>
<td>$114,281,712</td>
</tr>
<tr>
<td>10</td>
<td>Commerce 69,131,155</td>
<td>71,131,155</td>
</tr>
<tr>
<td>11</td>
<td>Commerce – State Aid to Non-State Entities</td>
<td>11,704,240</td>
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<tr>
<td>12</td>
<td>Environment and Natural Resources</td>
<td>87,919,431</td>
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<tr>
<td>13</td>
<td>Wildlife Resources Commission</td>
<td>13,090,990</td>
</tr>
<tr>
<td>14</td>
<td>Labor</td>
<td>15,786,217</td>
</tr>
<tr>
<td>15</td>
<td><strong>Total Natural and Economic Resources</strong></td>
<td><strong>$ 311,913,745</strong></td>
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<tr>
<td>16</td>
<td><strong>JUSTICE AND PUBLIC SAFETY</strong></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Department of Public Safety</td>
<td>$1,759,243,877</td>
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<tr>
<td>18</td>
<td>Judicial</td>
<td>474,710,450</td>
</tr>
<tr>
<td>19</td>
<td>Judicial – Indigent Defense</td>
<td>115,332,174</td>
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<tr>
<td>20</td>
<td>Justice</td>
<td>50,168,727</td>
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<tr>
<td>21</td>
<td><strong>Total Justice and Public Safety</strong></td>
<td><strong>$ 2,399,455,228</strong></td>
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<tr>
<td>22</td>
<td><strong>GENERAL GOVERNMENT</strong></td>
<td></td>
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<tr>
<td>23</td>
<td>Administration</td>
<td>$ 49,386,885</td>
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<tr>
<td>24</td>
<td>Advocacy Services</td>
<td>11,070,324</td>
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<tr>
<td>25</td>
<td>State Auditor</td>
<td>11,506,244</td>
</tr>
<tr>
<td>26</td>
<td>Cultural Resources</td>
<td>134,673,330</td>
</tr>
<tr>
<td>27</td>
<td>Cultural Resources – Roanoke Island</td>
<td>1,008,384</td>
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<tr>
<td>28</td>
<td>General Assembly</td>
<td>52,865,521</td>
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<tr>
<td>29</td>
<td>Governor's Office</td>
<td>5,687,113</td>
</tr>
<tr>
<td>30</td>
<td>Governor's Office – Special Project</td>
<td>2,000,000</td>
</tr>
<tr>
<td>31</td>
<td>Insurance</td>
<td>38,296,364</td>
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<tr>
<td>32</td>
<td>Lieutenant Governor</td>
<td>676,874</td>
</tr>
<tr>
<td>33</td>
<td>Military &amp; Veterans Affairs</td>
<td>10,015,189</td>
</tr>
<tr>
<td>34</td>
<td>Office of Administrative Hearings</td>
<td>4,891,138</td>
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<tr>
<td>35</td>
<td>Revenue</td>
<td>79,596,203</td>
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<tr>
<td>36</td>
<td>NC Housing Finance</td>
<td>9,118,739</td>
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<tr>
<td>37</td>
<td>Secretary of State</td>
<td>11,726,506</td>
</tr>
<tr>
<td>38</td>
<td>State Board of Elections</td>
<td>5,603,497</td>
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<tr>
<td>39</td>
<td>State Budget and Management (OSBM)</td>
<td>9,030,290</td>
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<tr>
<td>40</td>
<td>OSBM – Special Appropriations</td>
<td>6,750,000</td>
</tr>
<tr>
<td>41</td>
<td>Office of State Controller</td>
<td>22,699,750</td>
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<tr>
<td>42</td>
<td>State Treasurer</td>
<td>9,722,150</td>
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<tr>
<td>43</td>
<td>State Treasurer – Retirement/Benefits</td>
<td>20,664,274</td>
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<td>44</td>
<td><strong>Total General Government</strong></td>
<td><strong>$ 497,856,624</strong></td>
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<tr>
<td>45</td>
<td><strong>EDUCATION</strong></td>
<td></td>
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<tr>
<td>46</td>
<td>Public Schools</td>
<td>$ 8,397,294,193</td>
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<tr>
<td>47</td>
<td>Community Colleges</td>
<td>1,034,888,877</td>
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<tr>
<td>University/State University</td>
<td>Academic Affairs</td>
<td>Health Affairs</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-----------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>1 University of North Carolina</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Appalachian State University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 East Carolina University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Academic Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Health Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Elizabeth City State University</td>
<td></td>
<td></td>
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<tr>
<td>7 Fayetteville State University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 North Carolina Agricultural and Technical State University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Technical State University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 North Carolina Central University</td>
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<tr>
<td>11 North Carolina State University</td>
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<tr>
<td>12 Academic Affairs</td>
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<tr>
<td>13 Agricultural Extension</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Agricultural Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 University of North Carolina at Asheville</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 University of North Carolina at Chapel Hill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Academic Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Health Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Area Health Education Centers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 University of North Carolina at Charlotte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 University of North Carolina at Greensboro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 University of North Carolina at Pembroke</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23 University of North Carolina at Wilmington</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 University of North Carolina School of the Arts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 Western Carolina University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 Winston-Salem State University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27 General Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 University Institutional Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29 Related Educational Programs (Financial Aid)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 Aid to Private Colleges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 North Carolina School of Science and Mathematics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Total University of North Carolina</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33 Total Education</td>
<td>$12,053,522,254</td>
<td>$12,082,619,258</td>
</tr>
<tr>
<td>34 Total Budget</td>
<td>$20,568,876,398</td>
<td>$20,902,134,112</td>
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<tr>
<td>35 DEBT SERVICE</td>
<td>$719,974,837</td>
<td>$719,974,837</td>
</tr>
<tr>
<td>36 Federal Reimbursement</td>
<td>1,616,380</td>
<td>1,616,380</td>
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<tr>
<td>37 Total Debt Service                                         $721,591,217</td>
<td>$721,591,217</td>
<td></td>
</tr>
<tr>
<td>38 RESERVES &amp; ADJUSTMENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39 Contingency and Emergency Reserve</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>40 Job Development Investment Grants</td>
<td>84,045,357</td>
<td>87,545,357</td>
</tr>
<tr>
<td>41 Compensation Adj. Reserve-State Employees</td>
<td>34,000,000</td>
<td>101,867,946</td>
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<tr>
<td>42 Salary Adjustment Reserve</td>
<td>17,500,000</td>
<td>79,500,000</td>
</tr>
<tr>
<td>43 GF–Reserve for One NC Fund</td>
<td>8,000,000</td>
<td>11,500,000</td>
</tr>
<tr>
<td>44 IT Initiative</td>
<td>62,396,613</td>
<td>63,012,238</td>
</tr>
<tr>
<td>45 Retirement Rate Adjustment Reserve</td>
<td>(33,500,000)</td>
<td>0</td>
</tr>
<tr>
<td>46 GF–Reserve Pending Legislation</td>
<td>4,500,000</td>
<td>4,500,000</td>
</tr>
<tr>
<td>47 GF-Voter Information Verification Act</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
## General Assembly of North Carolina
### Session 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015-2016 (In Millions)</th>
<th>FY 2016-2017 (In Millions)</th>
</tr>
</thead>
</table>

**Beginning Availability**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015-2016 (In Millions)</th>
<th>FY 2016-2017 (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unappropriated Balance from Prior Fiscal Year</td>
<td>$ 2,033,330</td>
<td>$ 480,832</td>
</tr>
<tr>
<td>Anticipated Over (Under) Collections</td>
<td>(271,000,000)</td>
<td>0</td>
</tr>
<tr>
<td>Anticipated Reversions</td>
<td>270,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Additional Reversions from Unappropriated</td>
<td>186,372,673</td>
<td>0</td>
</tr>
<tr>
<td>Medicaid Risk Reserve</td>
<td>(46,851,501)</td>
<td>0</td>
</tr>
<tr>
<td>Less: Credit to Savings Reserve Account</td>
<td>(46,851,501)</td>
<td>0</td>
</tr>
<tr>
<td>Beginning Unreserved Credit Balance</td>
<td>$ 93,703,002</td>
<td>$ 480,832</td>
</tr>
</tbody>
</table>

**Revenues Based on Existing Tax Structure**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015-2016 (In Millions)</th>
<th>FY 2016-2017 (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>$ 15,700,000</td>
<td>$ 15,900,000</td>
</tr>
<tr>
<td>Judicial Fees</td>
<td>228,900,000</td>
<td>226,600,000</td>
</tr>
<tr>
<td>Disproportionate Share</td>
<td>129,000,000</td>
<td>129,000,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>76,200,000</td>
<td>77,200,000</td>
</tr>
<tr>
<td>Master Settlement Agreement</td>
<td>137,500,000</td>
<td>137,500,000</td>
</tr>
<tr>
<td>Other Nontax Revenues</td>
<td>168,000,000</td>
<td>168,800,000</td>
</tr>
<tr>
<td>Highway Trust Fund Transfer</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Highway Fund Transfer</td>
<td>215,900,000</td>
<td>215,900,000</td>
</tr>
<tr>
<td>Subtotal Nontax Revenue</td>
<td>$ 971,200,000</td>
<td>$ 970,900,000</td>
</tr>
</tbody>
</table>

**Total General Fund Availability**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015-2016 (In Millions)</th>
<th>FY 2016-2017 (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total General Fund Availability</td>
<td>$ 21,503,603,002</td>
<td>$ 22,297,080,832</td>
</tr>
</tbody>
</table>

**Adjustments to Availability: 2015 Session**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015-2016 (In Millions)</th>
<th>FY 2016-2017 (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICA Transfer</td>
<td>$ 3,000,000</td>
<td>$ 0</td>
</tr>
<tr>
<td>Expand Treasury Offset Program</td>
<td>9,453,499</td>
<td>17,016,299</td>
</tr>
<tr>
<td>Additional DSH Nontax Revenue</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>DOJ Tobacco Settlement</td>
<td>2,194,000</td>
<td>0</td>
</tr>
<tr>
<td>Renewable Energy Credit for Non-Solar Projects</td>
<td>0</td>
<td>(7,000,000)</td>
</tr>
<tr>
<td>Historic Preservation Tax Credit</td>
<td>(1,700,000)</td>
<td>(10,500,000)</td>
</tr>
<tr>
<td>R&amp;D Credit</td>
<td>0</td>
<td>(58,000,000)</td>
</tr>
<tr>
<td>Datacenter Machinery &amp; Equipment Purchases</td>
<td>(3,000,000)</td>
<td>(4,000,000)</td>
</tr>
<tr>
<td>Interstate Air Carrier Fuel Purchases</td>
<td>0</td>
<td>(7,500,000)</td>
</tr>
<tr>
<td>Motorsports Parts and Fuel</td>
<td>(1,170,000)</td>
<td>(2,450,000)</td>
</tr>
<tr>
<td><strong>Subtotal Adjustments to Availability</strong></td>
<td><strong>$ 18,777,499</strong></td>
<td><strong>$ (62,433,701)</strong></td>
</tr>
</tbody>
</table>

```
| Total Availability | $ 21,522,380,501 | $ 22,234,647,130 |
| **Less: Total General Fund Appropriations** | **$ 21,521,899,669** | **$ 22,230,255,377** |
| Unappropriated Balance Remaining | $ 480,832 | $ 4,391,753 |

PART III. CURRENT OPERATIONS/HIGHWAY FUND

**SECTION 3.1.** Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2017, according to the following schedule:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Administration</td>
<td>$ 112,527,308</td>
<td>$ 90,147,308</td>
</tr>
<tr>
<td>Division of Highways</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>33,467,959</td>
<td>33,467,959</td>
</tr>
<tr>
<td>Construction</td>
<td>46,859,878</td>
<td>46,859,878</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,072,645,301</td>
<td>1,147,250,767</td>
</tr>
<tr>
<td>OSHA Program</td>
<td>358,030</td>
<td>358,030</td>
</tr>
<tr>
<td>Ferry Operations</td>
<td>40,450,395</td>
<td>39,750,395</td>
</tr>
<tr>
<td>State Aid to Municipalities</td>
<td>144,081,600</td>
<td>138,923,200</td>
</tr>
<tr>
<td>Intermodal Divisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Transportation</td>
<td>88,173,419</td>
<td>88,173,419</td>
</tr>
<tr>
<td>Aviation</td>
<td>21,260,952</td>
<td>21,260,952</td>
</tr>
<tr>
<td>Rail</td>
<td>23,651,674</td>
<td>23,651,674</td>
</tr>
<tr>
<td>Bicycle and Pedestrian</td>
<td>726,895</td>
<td>726,895</td>
</tr>
<tr>
<td>Governor's Highway Safety</td>
<td>251,241</td>
<td>251,241</td>
</tr>
<tr>
<td>Division of Motor Vehicles</td>
<td>120,402,414</td>
<td>113,949,915</td>
</tr>
<tr>
<td>Other State Agencies, Reserves, Transfers</td>
<td>229,035,534</td>
<td>232,909,067</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>18,007,400</td>
<td>18,019,300</td>
</tr>
<tr>
<td><strong>Total Highway Fund Appropriation</strong></td>
<td><strong>$ 1,951,900,000</strong></td>
<td><strong>$ 1,995,700,000</strong></td>
</tr>
</tbody>
</table>

H940 [Edition 1]
SECTION 3.2. The Highway Fund availability used in developing the 2015-2017 biennial budget is shown below:

<table>
<thead>
<tr>
<th>Highway Fund Availability Statement</th>
<th>2015-2016</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Revenue</td>
<td>$1,349,600,000</td>
<td>$1,382,100,000</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>597,400,000</td>
<td>608,600,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>NC Railroad Company Dividend Payment</td>
<td>3,900,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td><strong>Total Highway Fund Availability</strong></td>
<td>$1,951,900,000</td>
<td>$1,995,700,000</td>
</tr>
</tbody>
</table>

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

**HIGHWAY TRUST FUND APPROPRIATIONS**

SECTION 4.1. Appropriations from the Highway Trust Fund are made for the biennium ending June 30, 2017, according to the following schedule:

<table>
<thead>
<tr>
<th>Highway Trust Fund</th>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation: Program Administration</td>
<td>$35,094,813</td>
<td>$35,164,813</td>
</tr>
<tr>
<td>Construction: Strategic Prioritization Program</td>
<td>1,075,985,486</td>
<td>1,095,122,958</td>
</tr>
<tr>
<td>Bonds: Bond Redemption</td>
<td>35,766,656</td>
<td>47,919,160</td>
</tr>
<tr>
<td>Bond Interest</td>
<td>12,853,045</td>
<td>13,093,069</td>
</tr>
<tr>
<td>NC Turnpike Authority</td>
<td>49,000,000</td>
<td>49,000,000</td>
</tr>
<tr>
<td>Reserve for Visitor Centers</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Total Highway Trust Fund Appropriations</strong></td>
<td>$1,209,100,000</td>
<td>$1,240,700,000</td>
</tr>
</tbody>
</table>

**HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

SECTION 4.2. The Highway Trust Fund availability used in developing the 2015-2017 biennial budget is shown below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Credit Balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>$1,100,900,000</td>
<td>$1,128,800,000</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>106,200,000</td>
<td>109,900,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Total Highway Trust Fund Availability</strong></td>
<td>$1,209,100,000</td>
<td>$1,240,700,000</td>
</tr>
</tbody>
</table>

PART V. OTHER AVAILABILITY AND APPROPRIATIONS

CIVIL PENALTY AND FORFEITURE FUND
SECTION 5.1.(a) Appropriations is made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2015, as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Technology Fund</td>
<td>$18,000,000</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>State Public School Fund</td>
<td>$124,362,790</td>
<td>$124,362,790</td>
</tr>
<tr>
<td>Total Appropriation</td>
<td>$142,362,790</td>
<td>$142,362,790</td>
</tr>
</tbody>
</table>

SECTION 5.1.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in the 2014-2015 fiscal year are hereby appropriated to the State Public School Fund for the 2015-2016 fiscal year.

SECTION 5.1.(c) Excess receipts realized in the Civil Penalty and Forfeiture Fund in the 2015-2016 fiscal year shall be allocated to the School Technology Fund for the 2016-2017 fiscal year.

INDIAN GAMING EDUCATION REVENUE FUND

SECTION 5.2.(a) There is appropriated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, School Technology Fund, the sum of six million dollars ($6,000,000) for the 2015-2016 fiscal year and the sum of six million dollars ($6,000,000) for the 2016-2017 fiscal year.

SECTION 5.2.(b) G.S. 143C-9-7 does not apply to the use of these funds for the 2015-2017 fiscal biennium.

EDUCATION LOTTERY FUNDS

SECTION 5.3.(a) The appropriations made from the Education Lottery Fund for the 2015-2017 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Teachers</td>
<td>$254,586,185</td>
<td>$254,586,185</td>
</tr>
<tr>
<td>Teacher Assistants</td>
<td>$49,279,252</td>
<td>$49,279,252</td>
</tr>
<tr>
<td>Prekindergarten Program</td>
<td>78,252,110</td>
<td>86,415,380</td>
</tr>
<tr>
<td>Public School Building Capital Fund</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Scholarships for Needy Students</td>
<td>30,450,000</td>
<td>30,450,000</td>
</tr>
<tr>
<td>UNC Need-Based Financial Aid</td>
<td>10,744,733</td>
<td>10,744,733</td>
</tr>
<tr>
<td>TOTAL APPROPRIATION</td>
<td>$523,312,280</td>
<td>$531,475,550</td>
</tr>
</tbody>
</table>

SECTION 5.3.(b) Notwithstanding G.S. 18C-164, the Office of State Budget and Management shall not transfer funds to the Education Lottery Reserve Fund for the 2015-2016 fiscal year.

MODIFY CASH MANAGEMENT STATUTE

SECTION 5.4. G.S. 147-86.11(e) reads as rewritten:

"(e) Elements of Plan. – For moneys received or to be received, the statewide cash management plan shall provide at a minimum that:

…

(4) Unpaid billings due to a State agency other than amounts owed by patients to the University of North Carolina Health Care System, East Carolina University's Division of Health Sciences, or by customers of the North Carolina Turnpike Authority, or North Carolina Department of Transportation shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing, except that a State agency need not turn over to the Attorney General unpaid billings of less than five hundred dollars ($500.00), or (for institutions where applicable) amounts owed by all patients which are less than the federally established deductible
applicable to Part A of the Medicare program, and instead may handle these unpaid bills pursuant to agency debt collection procedures.

(4a) The University of North Carolina Health Care System and East Carolina University's Division of Health Sciences may turn over to the Attorney General for collection accounts owed by patients.

(4b) The North Carolina Turnpike Authority and the North Carolina Department of Transportation may turn over to the Attorney General for collection amounts owed to the North Carolina Turnpike Authority or the North Carolina Department of Transportation.

PART VI. GENERAL PROVISIONS

TRANSFER DPS FUNDS TO ERP RESERVE

SECTION 6.1.(a) The nine million dollars ($9,000,000) in nonrecurring funds appropriated and placed in a special information technology fund in FY 2013-2014 to be used by the Department of Public Safety for an Enterprise Resource Planning System shall be carried forward on June 30, 2015, and transferred to the Statewide Reserve, in the Office of State Budget and Management, designated for implementation of the Statewide Enterprise Resource Planning System.

PAY FOR SUCCESS CONTRACTS

SECTION 6.2.(a) The Office of State Budget and Management (OSBM) shall work with the Office of the Governor, the Department of Health and Human Services (DHHS), and the Department of Administration's Division of Purchase and Contract to pursue the use of a Pay for Success (PFS) model to support high-quality, data-proven early childhood programs in the 2016 Regular Session of the 2015 General Assembly.

These agencies shall identify an outcome to target for a Pay for Success Contract where interventions, investors, and providers are available. The Office of State Budget and Management shall submit a Request for Information (RFI) by September 1, 2015, and develop a Pay for Success Contract plan by March 15, 2016, that could be implemented by September 1, 2016.

SECTION 6.2.(b) Definitions. –

(1) Pay for Success Contract. – A contract between State government and a private organization to provide services for a set period of time with private investment and receive government payment if the service meets benchmarks for outcomes, usually involving cost-savings and social benefit.

(2) External organization. – A private entity that coordinates investors, providers, and other parties to implement a Pay for Success Contract. Sometimes is the investor. Sometimes is the service provider.

(3) Service provider. – A private entity that carries out the service specified in the Pay for Success Contract agreement. There may be more than one service provider.

(4) Investor. – A private entity that provides early funding for a program, usually with expectation of a monetary return on investment.

(5) Evaluator. – A private entity that establishes benchmarks of success and verifies if a program has met those benchmarks.

SECTION 6.2.(c) The RFI shall identify programs that would have a high likelihood of success based on outcomes that reduce government spending in an identified area to continue the program. Submissions include descriptions of the external organization, service providers, investors, and at least two potential evaluators.
SECTION 6.2.(d)  OSBM, the Office of the Governor, and DHHS shall identify desired outcomes and the resources necessary to initiate and maintain a Pay for Success Contract. Among them:

(1) Identify expertise and personnel to oversee the project within the Department of Health and Human Services.
(2) Identify the most the agency would pay if results exceed expectations.
(3) Identify a funding source for payment to the external organization, if the project is successful.
(4) Identify a funding source for continuation, if the project is successful.
(5) Identify items that need to be in a final agreement, such as dispute resolution and contract termination conditions.

STATEWIDE GRANTS OVERSIGHT
SECTION 6.3.  There is established within the Office of State Budget and Management a central grants management function for the purpose of improving administration of federal and private grants. This grants management function will, among other activities, provide oversight on a statewide basis. Oversight will be phased in, beginning with a review of grant applications of select agencies to be determined by the Office of State Budget and Management. In order to align new funding with State priorities, new grant applications, renewal applications or other applications for funding in excess of funding authorized in this act for the selected agencies shall be coordinated through the Office of State Budget and Management.

DISPOSITION OF STANDARD AND POOR'S SETTLEMENT FUNDING
SECTION 6.4  Notwithstanding G.S. 143C-1-2, funds received pursuant to the State’s settlement with Standard and Poor’s pertaining to the misrating of mortgage-back securities are appropriated for the 2015-2016 fiscal year and allocated to the following:

(1) One million five hundred forty-one thousand two hundred sixty-one dollars ($1,541,261) to the Housing Finance Agency’s HOME Match Program.
(2) One million dollars ($1,000,000) to the Housing Trust Fund.
(3) Nine million dollars ($9,000,000) to the Workforce Housing Loan Program.
(4) Seven million eight hundred forty thousand eight hundred eighty-two dollars ($7,840,882) to the Department of Health and Human Services’ Transition to Community Living efforts pursuant to its agreement with the U.S. Department of Justice.

BUDGET ADJUSTMENTS AUTHORIZED
SECTION 6.5.  G.S. 143C-6-4(b) is amended by adding a new subdivision to read:

"(4) Funding realignments. – A program or purpose if the overexpenditure of the program or purpose is due to the realignment of salaries and benefits funds in order to fund recurring obligations.”

PART VII. INFORMATION TECHNOLOGY SERVICES

OUTLINE BUDGET POLICY FOR DIT
SECTION 7.1.(a)  If House Bill 208 or Senate Bill 268 of the 2015 Regular Session of the 2015 General Assembly creating the Department of Information Technology becomes law, the Department of Information Technology, along with the Office of State Budget and Management and the State Controller, shall develop and implement a plan to manage all information technology funding to the principal departments in G.S. 143B-6, including State and other receipts, as soon as practicable. As part of the plan and
implementation, funding for information technology resources, projects, and contracts shall be managed by the Department of Information Technology.

SECTION 7.1(b) For fiscal year 2015-2016 and fiscal year 2016-2017, all information technology change budget increases/decreases for existing information technology projects will be appropriated in agency budgets. These funds can only be obligated or expended upon approval by the Secretary of the Department of Information Technology.

SECTION 7.1(c) All base budget and change budgeted funds associated with Office of Information Technology Services budget code 24667 (Information Technology Fund & Information Technology Reserve Fund) will be realigned to the Department of Information Technology.

SECTION 7.1(d) No later than July 1, 2016, with guidance from the State Controller, the Office of State Budget and Management and the Secretary of Information Technology, State agencies identified as principal departments in G.S. 143B-6 shall segregate all budgets, expenditures, and encumbrances for information technology.

SECTION 7.1(e) For fiscal year 2015-2016, funds appropriated to State agencies identified as principal departments in G.S. 143B-6 for information technology costs or expenses, and all direct or indirect monies allocated for information technology assets or resources shall be maintained by such State agencies for further delivery to the Department of Information Technology for the shared services, costs, or expenses provided or incurred pursuant to the authority of the Secretary of Information Technology and the Department of Information Technology.

SECTION 7.1(f) Funds appropriated to State agencies identified as principal departments in G.S. 143B-6 for information technology projects during the 2014-2015 fiscal year, together with prior fiscal year appropriations which are not reverted to the General Fund or allocated to new budget codes within the Department of Information Technology, shall remain in respective agency budgets. Provided, however, that such funds as described herein shall be expended only:

(a) Pursuant to an obligation of the agency or State associated with an information technology project;

(b) For services provided by or through the Department of Information Technology; or

(c) Upon approval of the Secretary of Information Technology.

INTERNAL SERVICES FUND RATES RESERVE

SECTION 7.2(a) The appropriations set forth in Section 2.1 of this act include appropriations for an Information Technology Internal Services Fund Rates Reserve. The Office of State Budget and Management shall ensure that those funds are used only for Information Technology Internal Services Fund Rates purposes.

SECTION 7.2(b) If the Director of the Budget determines that funds appropriated to a State agency for Information Technology Shared Services purposes exceed the amount required by that agency for that purpose, the Director may reallocate those funds, in addition to the appropriations set forth in Section 2.1 of this act, to other State agencies that received insufficient funds for Information Technology Shared Services.

INFORMATION TECHNOLOGY RESTRUCTURING

SECTION 7.3(a) If House Bill 208 of the 2015 Regular Session of the 2015 General Assembly creating the Department of Information Technology becomes law, the Department of Information Technology, in order to ensure a smooth, efficient, and timely transfer of State information technology functions, operations, management, and resources to the Department of Information Technology (DIT), all State agencies identified as principal departments in G.S. 143B-6 shall fully cooperate and coordinate with DIT and OSBM and
further timely provide to DIT and OSBM all requested data and information for any IT restructure-related activities.

SECTION 7.3.(b) In order to ensure a smooth, efficient, and timely transfer of State information technology functions, operations, management, and resources under the Department of Information Technology (DIT) and to ensure contract optimization, all information technology contracts currently aligned/managed with any State agency identified as a principal department in G.S. 143B-6 shall be realigned under DIT effective July 1, 2015.

SECTION 7.3.(c) All State agencies identified as principal departments in G.S. 143B-6 shall become direct members of and use the Enterprise Active Directory to increase economies of scale, improve IT capabilities, and reduce costs associated with the Enterprise Active Directory. Any agency identified herein not currently a member of the Enterprise Active Directory shall join as a direct member no later than July 1, 2016. Any State agency may apply in writing to the Secretary (DIT) for authority to deviate from the Enterprise Active Directory requirements herein. If granted, any deviation or exception shall be consistent with available funding and shall be subject to such terms and conditions as may be specified by the Secretary.

SECTION 7.3.(d) All employees and all positions in State agencies identified as principal departments in G.S. 143B-6 who serve in the position of, or exercise responsibilities for, information technology described in this act are hereby transferred to the Department of Information Technology effective July 1, 2015. Transfers of employees shall not affect any individual employee’s current compensation or benefits. Such employees and positions shall remain in their current locations within the respective agencies until such time as the Department of Information Technology, the Office of State Human Resources, and the State agency implement a plan to redeploy such employees.

SECTION 7.3.(e) As efficiencies in IT are realized, all appropriated savings (less receipts) identified and defined through cost reduction, avoidance or other means, by the Department of Information Technology in cooperation with the Office of State Budget and Management, Office of Information Technology Services, or principal departments as outlined in House Bill 208, will be used to fulfill the financial obligation associated with the negative reserve for IT restructuring established in Statewide Reserves. If identified savings exceed reserve funds, such funds may be used on a nonrecurring basis to fulfill information technology deficiencies with approval of the Secretary of DIT in consultation with the Office of State Budget and Management.

INFORMATION TECHNOLOGY OPERATIONS

SECTION 7.4. Unless an exception is granted in writing by the State Chief Information Office, all information technology equipment used or purchased by State agencies shall be installed in Office of Information Technology Services data centers. Office of Information Technology Services data centers are identified as the Eastern Data Center (EDC) and the Western Data Center (WDC). Any State agency may apply in writing to the Secretary (DIT) for authority to deviate from the data center housing requirements herein. If granted, any deviation or exemption shall be consistent with available funding and shall be subject to such terms and conditions as may be specified by the Secretary.

ENTERPRISE RESOURCE PLANNING

SECTION 7.5. In order to ensure an effective implementation of a statewide Enterprise Resource Planning (ERP) system, all State agencies shall fully cooperate, and coordinate with the ERP Provisional Oversight Committee which is comprised of the State Chief Information Officer, State Controller, and State Budget Director. All State agencies shall also fully cooperate and coordinate with any future ERP governance bodies, the Department of
Information Technology, and the Office of State Budget and Management and provide data for all statewide ERP-related activities.

PART VIII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 8.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand nine hundred twenty-six dollars and ninety-seven cents ($3,926.97) per child. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and one-half percent (12.5%) of its 2015-2016 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 8.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand two hundred eighty dollars and seventy cents ($1,280.70) per child for fiscal year 2015-2016 and 2016-2017. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2015-2016 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 8.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

SECTION 8.3.(b) Definitions. – As used in this section, the following definitions apply:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the following:

a. Anticipated county property tax revenue availability.

b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.

c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521.
d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
   c. Add to the resulting amount the following:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
      3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:
   a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
   b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
   c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
   d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in
the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 8.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 8.3.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 8.3.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.
SECTION 8.3.(f) Minimum Effort Required. – A county that (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive full funding under this section. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

SECTION 8.3.(g) Non-supplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2015-2017 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

1. The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local expenditures per student for the three prior fiscal years.
2. The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

SECTION 8.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2015-2017 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 23,000 students shall receive the same amount of supplemental funding for low-wealth counties as received in the 2012-2013 fiscal year.

SECTION 8.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 8.3.(j) Reports. – For the 2015-2017 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 1 of each year if it determines that counties have supsplanted funds.

SECTION 8.3.(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.
DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 8.4.(a) Funds appropriated for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

1. Provide instructional positions or instructional support positions and/or professional development;
2. Provide intensive in-school and/or after-school remediation;
3. Purchase diagnostic software and progress-monitoring tools; and
4. Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 8.4.(b) Funds appropriated to a local school administrative unit for disadvantaged student supplemental funding (DSSF) shall be allotted based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

1. For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
2. For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
3. For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
4. For local school administrative units receiving DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

SECTION 8.4.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

FUNDS FOR SMALL COUNTY SCHOOL ADMINISTRATIVE UNITS

SECTION 8.5.(a) Allotment Formula Schedule for the 2015-2016 Fiscal Year. – Except as otherwise provided in subsections (b) and (c) of this section, for the 2015-2016 fiscal year, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

<table>
<thead>
<tr>
<th>Allotted ADM</th>
<th>Small County Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-600</td>
<td>$1,710,000</td>
</tr>
<tr>
<td>601-1,300</td>
<td>$1,820,000</td>
</tr>
<tr>
<td>1,301-1,700</td>
<td>$1,548,700</td>
</tr>
<tr>
<td>1,701-2,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>2,001-2,300</td>
<td>$1,560,000</td>
</tr>
<tr>
<td>2,301-2,600</td>
<td>$1,470,000</td>
</tr>
</tbody>
</table>
SECTION 8.5.(b) Phase-Out Provisions for the 2015-2016 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (d) of this section in the 2014-2015 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in any fiscal year.

SECTION 8.5.(c) Nonsupplant Requirement for the 2015-2017 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2015-2017 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

1. The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local expenditures current expense appropriations per student for the three prior fiscal years.
2. The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 8.6.(a) Notwithstanding G.S. 143C-6-4, the State Board of Education may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department of Public Instruction, if necessary, to implement the budget reductions for the 2015-2017 fiscal biennium. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The State Board shall provide a current organization chart for the Department of Public Instruction in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

SECTION 8.6.(b) In implementing budget reductions for the 2015-2017 biennium, the State Board of Education shall make no reduction to funding or positions for (i) the North Carolina Center for Advancement of Teaching and (ii) the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School, except that the State Board may, in its discretion, reduce positions that have been vacant for more than 12 months.

The State Board shall also make no reduction in funding to any of the following entities:

1. Communities in Schools of North Carolina, Inc.
2. Teach for America, Inc.
3. Beginnings For Parents of Children Who Are Deaf or Hard of Hearing, Inc.
EXCELLENT PUBLIC SCHOOLS ACT-CLARIFY CARRYFORWARD FOR READING CAMPS

SECTION 8.7.(a) Funds appropriated for the 2015-2017 fiscal biennium and subsequent fiscal years for reading camps as defined in G.S. 115C-83.3(9) shall not revert at the end of each fiscal year but shall remain available until October 31 of the subsequent fiscal year.

SECTION 8.7.(b) This section becomes effective June 30, 2015.

CARRYFORWARD FOR PANIC ALARM GRANTS

SECTION 8.8.(a) Funds appropriated for the award of panic alarm system grants shall not revert at the end of the fiscal year but shall remain available for expenditure until the end of the subsequent fiscal year.

SECTION 8.8.(b) This section becomes effective June 30, 2015.

LITIGATION RESERVE FUNDS

SECTION 8.9. The State Board of Education may expend up to five hundred thousand dollars ($500,000) each year for the 2015-2016 and 2016-2017 fiscal years from unexpended funds for licensed employees' salaries to pay expenses related to litigation.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 8.10.(a) Funds appropriated for the Uniform Education Reporting System (UERS) shall not revert at the end of the 2014-2015 fiscal year. Funds appropriated for UERS for the 2015-2017 fiscal biennium shall not revert at the end of each fiscal year but shall remain available until expended.

SECTION 8.10.(b) This section becomes effective June 30, 2015.

DIFFERENTIATED PAY FOR ADVANCED TEACHER ROLES

SECTION 8.11.(a) Funds appropriated to the North Carolina Endowment Fund shall be used to support the pilot implementation of the Performance Plus initiative. The purpose of this initiative is to provide local school administrative units with funds to prototype advanced teaching roles and pay supplements to teachers based on teachers' demonstrated effectiveness and the assumption of additional responsibilities.

SECTION 8.11.(b) A teacher, for the purpose of this pilot, is a certified teacher who works in the classroom to provide instruction and who is not instructional support personnel.

SECTION 8.11.(c) Supplements paid for the purpose of this initiative are in addition to salary earned according to the North Carolina School Personnel salary schedule and other applicable local and State supplements.

SECTION 8.11.(d) Management. – The State Board of Education shall administer and have complete governance over the program, working in cooperation with the North Carolina Department of Public Instruction, North Carolina universities engaged in teacher preparation, elected officials, business leaders, other organizations and entities supporting educational excellence, superintendents, and principals and teachers in affected schools. The State Board of Education may allocate up to five percent (5%) of an approved individual grant for technical assistance, to the local school administrative unit for the purposes of implementing the local pilot.

SECTION 8.11.(e) No later than June 1, 2015, the State Board of Education shall issue a Request for Proposals (RFP) for local boards of education to develop advanced teaching roles. In the RFP the State Board of Education shall establish minimum requirements for advanced roles for classroom teachers. Local boards of education shall submit a letter of intent.
no later than August 31, 2015, that shall focus on the capacity and commitment of the local
school administrative unit and the local board of education to develop advanced teaching roles
that meet the requirements of Section 8.11(f) of this act, as demonstrated by prior local efforts
to advance teaching excellence such as on-the-job development for teachers, teacher leadership,
or innovation in school design; and by indication of willingness to reallocate funds to pay at
least the minimum supplements as described in Section 8.11(h) of this act. Draft plans shall be
submitted to the State Board of Education no later than January 20, 2016. The State Board of
Education shall approve plans as soon as is practicable for implementation in the 2016-2017
school year.

**SECTION 8.11.(f) Requirements for Advanced Roles** – Advanced teaching role
plans developed by participating districts must meet, at a minimum, the following criteria:

1. **Advanced teacher role eligibility and duties.**
   a. Enable eligible classroom teachers to progress within their careers by
      assuming advanced roles that:
      1. Include accountability for student growth as the teacher of
         record of all students served by a team of teachers; or
      2. Include accountability for student growth as the teacher of
         record for more students.

**SECTION 8.11.(g) Recipient local school administrative units** shall ensure that
implementation includes:

1. **Provide information in a form readily accessible to both teachers and the
   public on the criteria and procedures for the selection of teachers for**
   advanced roles.
2. **Require that supplement recipients are highly effective classroom teachers.**
   A highly effective classroom teacher is a teacher who receives, on the North
   Carolina Teacher Evaluation instrument, a rating of at least Accomplished
   on each of the teacher evaluation standards. In addition, teachers who exceed
   expected student growth on the NC Educator Evaluation instrument for two
   of the previous three years of teacher evaluation data, or the equivalent on an
   out-of-state teacher's state or district evaluation are considered highly
   effective. Teachers without three years of student growth data shall be
   considered highly effective if their rating on the NC Educator Evaluation
   instrument rating is at least Accomplished on each of the teacher evaluation
   standards.
3. **Ensure adequate time during the school day for an advanced-role teacher,**
   and that teachers' teaching team if applicable, to plan, collaborate, and
   participate in on-the-job development or leadership of others.
4. **Establish equally stringent eligibility requirements for a teacher to remain in**
   an advanced role as those required to initially attain that role.
5. **Establish a procedure for determining whether an advanced-role teacher is**
   successfully performing the additional duties associated with the advanced
   role.
6. **Ensure that advanced-role teachers may opt out of the plan by voluntarily**
   relinquishing additional duties associated with the advanced role. Voluntary
   relinquishment of duties associated with the advanced role shall not be
   considered a demotion under Part 3 or Part 3A of Article 22 of Chapter 115C
   of the General Statutes.

**SECTION 8.11.(h) Advanced Teaching Roles and Supplements.** - Local school
administrative units shall design and implement pilots to ensure:
(1) Supplements for highly effective teachers who are extended reach teachers receive a supplement when there is an increase in their class size of at least thirty-three percent (33%).

(2) Supplements for team leads for two or more teachers or teachers who are the teacher of record for all students served by the teaching team, are limited to thirty percent (30%) of teachers in a school.

SECTION 8.11.(i) The Department of Public Instruction shall ensure the advanced-role supplements paid are not included in the statewide average salary calculation used for budgeting state allotments.

SECTION 8.11.(j) Methods. – Local school administrative units may use one of two supplement payment methods for the purposes of this initiative:

(1) Pay specified supplements only for teachers in each designated advanced role directly from funds allocated to the local school administrative unit not to exceed the balance of funds allocated to it for this purpose after deducting funds allocated to it for technical assistance; or

(2) Allow teacher salary conversions at the beginning salary of the A teacher salary schedule only to pay supplements for each designated advanced role, not to exceed the funds allocated to the local school administrative unit for this purpose after deducting funds allocated to it for technical assistance.

SECTION 8.11.(k) Pilot Cohorts. – By October 15, 2015, The State Board of Education shall review the letters of intent submitted by local boards of education in accordance with subsection (b) of this section and shall select for the first cohort of the prototype development program seven local school administrative units or consortia of local school administrative units that meet the following criteria:

(1) One to three school districts (or consortia of districts) each with an average daily membership (ADM) equal to or less than 4,000.

(2) One to three school districts (or consortia of districts) each with an ADM of 4,001 to 10,000.

(3) One to three school districts (or consortia of districts) each with an ADM of 10,001 to 30,000.

(4) One to three school districts (or consortia of districts) each with an ADM of 30,001 or more.

SECTION 8.11.(l) Cohort 2. – The State Board of Education shall follow the time line and procedures outlined to enable a second cohort of local school administrative units to indicate intent, plan, and participate in the pilot beginning with the 2017-2018 school year.

SECTION 8.11.(m) Implementation Requirements. – Recipient local school administrative units shall fully implement the pilot in a minimum of twenty-five percent (25%) of schools within the local school administrative unit by the 2017-2018 school year, and fifty percent (50%) of school by 2018-2019.

Participating local school administrative units shall submit a plan to the State Board of Education by June 30, 2016, that includes a schedule for full implementation in a minimum of ninety percent (90%) of the schools in the local school administrative unit by the 2021-2022 school year.

SECTION 8.11.(n) Evaluation. – The local board of education of participating local school administrative units shall report no later than August 15, 2017, and by that date each subsequent year on the following:

(1) The extent to which the advanced roles plan and implementation meets each requirement of section (b) of this section. If the State Board of Education determines that a local school administrative unit’s plan does not meet the requirements of section (b) of this section, it shall require the unit to make needed changes in return for continued participation in the program and
receipt of transition funds provided pursuant to subdivision (b)(3) of this section.

(2) The percentage of students with a highly effective teacher as their teacher of record for English Language Arts, math, social studies, and science.

(3) The Educator Effectiveness ratings of each teacher in advanced roles and the Educator Effectiveness ratings of each member of teams led by teachers in advanced roles.

(4) The extent to which the advanced teaching roles program has increased the attractiveness of the teaching profession in the district, as measured by the number of applicants per advanced role job posting compared with the typical number of applicants per teaching job posting in the district; and the retention rates of advanced role teachers and members of their teams compared with typical retention rates in the district.

(5) The use of local or other non-State funds used to support this initiative.

(6) Documented future sustainability of pilot within State and local resources in the absence of pilot grant funds.

(7) Other measures determined relevant by the State Board of Education to the purposes of this legislation and to assessing the benefit to the State.

SECTION 8.11.(o) Reporting. – The State Board of Education shall provide reporting forms and tools to participating local school administrative units to ensure consistency of data gathering.

The State Board shall report on implementation status in participating local school administrative units including successes and obstacles annually beginning December 15, 2018, to the President Pro Tempore of the Senate and the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Subcommittee on Education, the Fiscal Research Division, the Joint Legislative Education Oversight Committee, the Governor, the Lieutenant Governor, and the Office of State Budget and Management.

Funds for Advanced Placement/International Baccalaureate

SECTION 8.12. The State Board of Education shall use funds to do all of the following:

(1) Provide funds to local school administrative units and charter schools to pay testing fees for advanced courses for all students.

(2) Provide funds to the North Carolina Advanced Placement Partnership for professional development for teachers of Advanced Placement courses.

Department of Public Instruction Costing Methodology

SECTION 8.13. All cost estimates produced by the Department of Public Instruction for the purposes of public schools salary costing shall be based on a methodology that is formally documented and communicated prior to the development of both the executive and legislative branch budgets.

Virtual Charter School Pilot Enrollment Funding

SECTION 8.14.(a) Recurring funds appropriated to the Department of Public Instruction in the average daily membership appropriation for each fiscal year of the 2015-2017 biennium in the amount of three million seven hundred thousand dollars ($3,700,000) shall be used to support eligible enrollment per Section 8.35(b)(1) of S.L. 2014-100.
SECTION 8.14.(b) If the funds appropriated for the 2015-2016 fiscal year are insufficient, the Department of Public Instruction may use other funds within the State Public School Fund for this purpose.

COOPERATIVE INNOVATIVE HIGH SCHOOLS

SECTION 8.15.(a) G.S. 115C-238.51A(c) reads as rewritten:
"(c) Additional Funds. – For applications which have requested additional funds, the State Board of Education and the applicable governing Board may approve cooperative innovative high schools contingent upon appropriation of the additional funds by the General Assembly. Contingent approval shall be made by April 1 of each year. The contingent approval shall expire if no appropriation is made by the General Assembly for the additional funds within one calendar year. No cooperative innovative high school shall open prior to the appropriation by the General Assembly of the full amount of the additional funds as requested in the application for that school under G.S. 115C-238.51 for the upcoming fiscal year or fiscal biennium, as appropriate. If no appropriation is made by the General Assembly, a revised application may be submitted under subsection (b) of this section. Funds appropriated for the cooperative innovative high schools are not subject to any legislative increase without explicit approval by the General Assembly."

SECTION 8.15.(b) This section becomes effective June 30, 2015.

TRANSFER FUNDS TO THE NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY (NCSEAA)

SECTION 8.16. The Department of Public Instruction is directed to transfer funds in the amount of two million one hundred twenty-four thousand nine hundred thirty-four dollars ($2,124,934) in 2015-2016 and 2016-2017 to the North Carolina State Education Assistance Authority for scholarships for children with disabilities. Funds shall be used by NCSEAA to meet the current scholarship demand for eligible students.

CREDIT FOR ADDITIONAL YEARS OF EXPERIENCE FOR TEACHERS IN HIGH TURNOVER DISTRICTS

SECTION 8.17.(a) Notwithstanding Section 9.1(a) of this act, a teacher who teaches in a hard-to-staff school beginning in the 2016-2017 school year and subsequent school years, shall after one full year of teaching experience in the hard-to-staff school be awarded two years of teaching experience on the North Carolina Public School Salary Schedule for every one school year taught in the hard-to-staff school.

SECTION 8.17.(b) When a teacher no longer teaches in a hard-to-staff school, the teacher (i) will be placed at the level of the salary schedule as if the teacher had been continuously receiving one year of experience for one year taught; and (ii) shall resume earning one year of experience for one full year of teaching in a non-hard-to-staff school.

SECTION 8.17.(c) The Department of Public Instruction shall establish a methodology for identifying hard-to-staff schools based on high turnover and other factors as deemed appropriate, and provide the methodology and a list of the schools identified as high-turnover or otherwise hard-to-staff, and the attrition and vacancy rates for those schools for the past five years to the Office of State Budget and Management and to the Fiscal Research Division no later than April 15, 2016.

Categories of hard-to-staff schools shall be identified by applying the attrition rates, vacancy rates including vacancy duration, and other appropriate factors which shall be defined by the Department of Public Instruction. The Department of Public Instruction shall propose a range of threshold based upon hard-to-staff factors used in the methodology. Each threshold shall be labeled with a percentage that a specific threshold represents of total schools statewide.
In addition, a calculated short-term and long-term fiscal impact and description shall accompany each threshold.

SECTION 8.17.(d) The Department of Public Instruction shall (i) expedite transfers to fill vacancies in hard-to-staff schools for the 2016-2017 school years, and (ii) prioritize requested transfers to hard-to-staff schools for those teachers who are rated proficient or above on each of the Teacher Evaluation Standards 1-5.

SECTION 8.17.(e) Nothing in this section provides any additional credit toward retirement beyond what is defined in G.S. 135-4 or any of the North Carolina General Statutes.

CONTINUE NORTHAMPTON STEM SUMMER PROGRAM

SECTION 8.18. The Department of Public Instruction is directed to allocate no fewer dollars in the 2015-2016 fiscal year than previously allocated to support the Summer STEM Program in the Northampton Public School District.

MASTERS PAY ONLY TO TEACHERS IN HIGH-NEED FIELDS

SECTION 8.19.(a) Effective July 1, 2015, only the following personnel be shall be paid on the 'M' salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2015-2016 school year and subsequent school years:

(1) Teachers who teach in a high-need STEM (Science, Technology, Engineering and Math) field in grades six through 12, or exceptional children field, who have completed graduate preparation in the high-need field being taught, and who have a STEM or Exceptional Children designation on their teaching license.

(2) Certified school nurses and instructional support personnel in positions for which a masters degree is required for licensure.

(3) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.

(4) Teachers and instructional support personnel who (i) complete a degree at the masters, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013.

SECTION 8.19.(b) High-need fields are defined as follows:

(1) Middle Grades math, science, and health occupations.

(2) High School math, science, and technology.

(3) Career Technical Education courses that include math, science, health occupations, and technology, including network administrator, and computer and network engineering.

(4) Exceptional Children.

SECTION 8.19.(c) Payment on the "M" salary schedule will cease if teachers discontinue teaching in the high-need field with applicable graduate preparation.

TEXTBOOK FUND NAME, DEFINITION, AND FUNDING

SECTION 8.20.(a) G.S. 115C-85 is rewritten to read:

"§ 115C-85. Textbook needs. Instructional Resource needs are determined by course of study.

When the State Board of Education has adopted, upon the recommendation of the Superintendent of Public Instruction, a standard course of study at each instructional level in
the elementary school and the secondary school, setting forth what subjects shall be taught at each level, it shall proceed to select and adopt textbooks.

As used in this part, "textbook," "instructional resource," means all classroom supplies and systematically organized instructional materials comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course. Local school administrative units may use funds to access the optional services of the Instructional Improvement System (IIS), including lesson plans, instructional content, and instructional activities and tools that aid in differentiated instruction. Formats for textbooks instructional resources may be print or nonprint, including hardbound books, softbound books, activity-oriented programs, classroom kits, and technology-based programs that require the use of electronic equipment, digital equipment, and digital equipment for student use in order to be used in the learning process.

Textbooks adopted in accordance with the provisions of this Part shall be used by the public schools of the State except as provided in G.S. 115C-98(b1).

"§ 115C-85. Textbook needs. Instructional Resource needs are determined by course of study.

When the State Board of Education has adopted, upon the recommendation of the Superintendent of Public Instruction, a standard course of study at each instructional level in the elementary school and the secondary school, setting forth what subjects shall be taught at each level, it shall proceed to select and adopt textbooks.

As used in this part, "textbook," "instructional resource," means all classroom supplies and systematically organized instructional materials comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course. Local school administrative units may use funds to access the optional services of the Instructional Improvement System (IIS), including lesson plans, instructional content, and instructional activities and tools that aid in differentiated instruction. Formats for textbooks instructional resources may be print or nonprint, including hardbound books, softbound books, activity-oriented programs, classroom kits, and technology-based software programs that require the use of electronic equipment, digital equipment, and digital equipment for student use in order to be used in the learning process.

Textbooks adopted in accordance with the provisions of this Part shall be used by the public schools of the State except as provided in G.S. 115C-98.(b1)."

SECTION 8.20.(b) The Instructional Supplies and Equipment allotment is discontinued as a separate allotment category. Funds appropriated to the Instructional Resources Fund and funds from the Instructional Supplies and Equipment Allotment category shall be combined with and deposited in the Instructional Resources Fund, formerly the Textbook Fund, to be used in conjunction with existing textbook funds. Funds in the Instructional Resources Fund shall be allotted to each local school administrative unit on a per average daily membership (ADM).

SECTION 8.20.(c) Local school administrative units may use allotted Instructional Resources funds to purchase digital equipment for student use only after State Board of Education has approved the purchase based on documentation that the local school administrative unit has, at a minimum, the following in place:

(1) Sufficient classroom Wi-Fi to support student learning;
(2) Instructional plan to use the digital equipment;
(3) Documentation that instructional personnel have participated in sufficient professional development to proficiently deliver digital-based instruction;
(4) Documentation of sufficient security to protect students;
(5) Documentation of a plan for lending/retrieving student digital equipment; and
(6) Documentation of a plan for maintaining student digital equipment.
SECTION 8.20.(d) The Department of Public Instruction shall report how allotted dollars from the Instructional Resources Fund are expended by local school administrative units. This report shall be made to the Office of State Budget and Management, the Fiscal Research Division of the North Carolina General Assembly, and the Joint Legislative Education Oversight Committee.

SECTION 8.20.(e) For each optional service within the Instructional Improvement System, the Department of Public Instruction shall report on the (i) usage, (ii) client satisfaction, (iii) System performance, (iv) extent to which local school administrative units and charter schools are using other services in place of the System, and (v) information and analysis on why other services are being used in place of the System. This report shall be made to the Office of State Budget and Management, the Fiscal Research Division of the North Carolina General Assembly, the Joint Legislative Education Oversight Committee, and the State Board of Education by February 1, 2015.

SECTION 8.20.(f) If local school administrative unit participation in home-base optional services is not adequate to generate a four-dollar ($4.00) per ADM cost, the State Board of Education may use funds appropriated to the Department of Public Instruction or State Aid for Public Schools to achieve the four-dollar ($4.00) per ADM cost for participating local school administrative units.

SCHOOL CONNECTIVITY INITIATIVE FUNDS NONREVERT

SECTION 8.21.(a) Funds appropriated in Fund 1821 of the State Public School Fund for the School Connectivity Initiative for the 2014-2015 fiscal year shall not revert. These funds appropriated for the 2015-2017 biennium shall not revert, but shall remain available until expended.

SECTION 8.21.(b) This section is effective June 30, 2015.

NONPROFIT MONITORING AND REPORTING REQUIREMENTS

SECTION 8.22. G.S.143-6-23 and 09 NCAC 03M shall apply to entities that receive direct appropriations through the Department of Public Instruction's budget.

COURSE ACCESS PROGRAM ACT

SECTION 8.23.(a) The Department of Public Instruction shall conduct a student/parent survey reaching all K-12 students currently enrolled in the North Carolina Public Schools to determine if students have access, through the public school curriculum, including charter schools, the North Carolina Virtual Public School, North Carolina School of Science and Math, and community college courses, that meet the individual needs of the student, meet rigor standards, and contribute to successful articulation and graduation.

SECTION 8.23.(b) The Department shall identify those courses or subjects identified by students/parents that are needed to meet the student's individual learning needs, and that are not currently available in the curricula identified in subsection (a) of this section.

SECTION 8.23.(c) The Department of Public Instruction shall report the results of the survey no later than May 15, 2016, to the Office of State Budget and Management and the Fiscal Research Division.

STREAMLINE TEACHER LICENSURE

SECTION 8.24. G.S. 115C-296 is amended by adding a new subsection to read:

"(b3) The State Board of Education shall approve criteria and procedures for allowing individuals with a math, science, or engineering degree from an accredited university or college to become high school teachers with 21-27 credit hours of study. Pursuant to the policies and procedures developed by the State Board of Education, the Department of Public Instruction
shall provide candidates with licenses upon completion of the following preservice training or
demonstration of competence:

- (1) Classroom management, including organizational and disciplinary strategies, positive behavior reinforcement;
- (2) Educational/Instructional Technology;
- (3) Human Growth and Development: Understanding the Learner;
- (4) Learning Theory; Learning Styles; Motivation;
- (5) Special Learning Needs; Exceptionalities;
- (6) Literacy/Reading Methods;
- (7) Instructional Methods.

Preservice training may be combined in one three credit course or experience. The State Board of Education shall approve criteria or procedures by which candidates may earn credit for competency displayed on the job. In collaboration with The University of North Carolina General Administration, the State Board of Education shall report to the General Assembly on how student academic growth in classrooms staffed by teachers licensed pursuant to this subsection compares with those of other licensed teachers."

COMPETENCY-BASED INNOVATION PILOT - WAIVER TO SCHOOLS FOR MASTERY LEARNING PILOT

SECTION 8.25.(a) Notwithstanding other provisions of law regarding school calendar and student promotion, the State Board of Education shall establish a pilot program to assess the implementation of a mastery learning pilot.

SECTION 8.25.(b) Mastery learning is defined as providing appropriate level of instruction and amount of time for a student to acquire and demonstrate competence in subject matter skills necessary to be prepared for the next level of instruction. Mastery can be in one or multiple subjects, and shall provide the opportunity to extended instruction or allow for advancement based on individual student need.

SECTION 8.25.(c) In their application, a school must address the implementation details of the pilot to include available hours of instruction, revised staffing patterns, innovative instructional resources, and strategies designed to contribute to the success of the pilot.

SECTION 8.25.(d) Waiver applications must be received from a school by January 1, 2016.

CHARTER SCHOOL ENROLLMENT PROJECTIONS

SECTION 8.26.(a) The Department of Public Instruction and the Office of State Budget and Management shall jointly develop a new methodology for projecting enrollment for new charter schools.

SECTION 8.26.(b) The new methodology shall consider the following:

1. Enrollment projections received from the new charter school.
2. Historical data that include a comparison of initial enrollment projections and initial actual enrollment for all new charter schools.
3. For those charter schools that are replicating existing charter school models in North Carolina, the new methodology shall also include a comparison of historical first-year enrollment projections and actual enrollment data for those replicated models.
4. Any pertinent demographic data for the new charter schools.

SECTION 8.26.(c) The jointly revised methodology shall be reported to the Office of State Budget and Management, the Fiscal Research Division, and the State Board of Education no later than November 15, 2015. The revised methodology shall be implemented in calculating charter school enrollment for the 2016-2017 school year.
SECTION 8.26.(d) The projected enrollment for new charter schools shall be included, but not be duplicated in, the Average Daily Membership (ADM) projection.

**LEA BUDGETARY FLEXIBILITY**

SECTION 8.27.(a) Notwithstanding G.S. 115C-105.259(b)(5b), local school administrative units may convert positions allocated for classroom teachers to dollar equivalents and transfer funds into the teacher assistant allotment at the statewide average salary for classroom teachers; provided, however, for each local school administrative unit, the sum of the amount allotted for teacher assistants for the 2015-2016 fiscal year and the amount transferred under this subsection shall not exceed the amount expended from the local school administrative unit's teacher assistant allotment in the 2014-2015 fiscal year.

SECTION 8.27.(b) Local school administrative units may convert additional positions allocated for classroom teachers to dollar equivalents and transfer the funds into the teacher assistant allotment in accordance with G.S. 115C-105.25(b)(5b).

SECTION 8.27.(c) All cost estimates produced by the Department of Public Instruction for the purposes of public schools salary costing shall be based on a methodology that is formally documented and communicated prior to the development of both the executive and legislative branch budgets.

**DRIVER EDUCATION PROVISION**

SECTION 8.28.(a) G.S. 115C-215 reads as rewritten:

"§ 115C-215. Administration of driver education program by the Department of Public Instruction.

(a) In accordance with criteria and standards approved by the State Board of Education, the State Superintendent of Public Instruction shall organize and administer a standardized program of driver education to be offered at the public high schools of this State for all physically and mentally qualified persons who (i) are older than 14 years and six months, (ii) are approved by the principal of the school, pursuant to rules adopted by the State Board of Education, (iii) are enrolled in a public or private high school within the State or are receiving instruction through a home school as provided by Part 3 of Article 39 of Chapter 115C of the General Statutes, and (iv) have not previously enrolled in the program. The State Board of Education shall use for this purpose all funds appropriated to it for this purpose and may use all other funds that become available for its use for this purpose.

(b) The driver education curriculum shall include the following:

(1) Instruction on the rights and privileges of the handicapped and the signs and symbols used to assist the handicapped relative to motor vehicles, including the "international symbol of accessibility" and other symbols and devices as provided in Article 2A of Chapter 20 of the General Statutes.

(2) At least six hours of instruction on the offense of driving while impaired and related subjects.

(3) At least six hours of actual driving experience. To the extent practicable, this experience may include at least one hour of instruction on the techniques of defensive driving.

(4) At least one hour of motorcycle safety awareness training.

(c) The State Board of Education shall establish and implement a strategic plan for the driver education program. At a minimum, the strategic plan shall consist of goals and performance indicators, including the number of program participants as compared to the number of persons projected to be eligible to participate in the program, the implementation of a standard curriculum for the program, expenditures for the program, and the success rate of program participants in receiving a drivers license as reported by the Division of Motor Vehicles. The strategic plan shall also outline specific roles and duties of an advisory
committee consisting of employees of the Division of Motor Vehicles and the Department of Public Instruction and other stakeholders in driver education.

(d) The State Board of Education shall adopt a salary range for the delivery of driver education courses by driver education instructors who are public school employees. The salary range shall be based on the driver education instructor's qualifications, certification, and licensure specific to driver education.

(e) The State Board of Education shall adopt rules to permit local boards of education to enter contracts with public or private entities to provide a program of driver education at public high schools. All driver education instructors shall meet the requirements established by the State Board of Education; provided, however, driver education instructors shall not be required to hold teacher certificates."

SECTION 8.28. (b) G.S. 115C-216 reads as rewritten:

"§ 115C-216. Boards of education required allowed to provide courses in operation of motor vehicles.

(a) Course of Training and Instruction Required Allowed in Public High Schools. – Local boards of education may offer noncredit driver education courses in high schools using the standardized curriculum provided by the Department of Public Instruction.

(b) Inclusion of Expense in Budget. – The local boards of education shall include as an item of instructional service and as a part of the current expense fund of the budget of the high schools under their supervision, may use local or other non-State funds to pay the expense necessary if the local board elects to offer the driver education course.

(c) through (f) Repealed by Session Laws 1991, c. 689, s. 32(c).

(g) Fee for Instruction. – The local boards of education shall fund driver education courses from local or other non-State funds available to them and may charge each student participating in a driver education course a fee of up to sixty-five dollars ($65.00) to offset the costs of providing the training and instruction. Local school administrative units may provide expenditure data to the State Board of Education to document actual per student cost."

SECTION 8.28. (c) If a local board of education elects to offer a driver education course to students, the curriculum shall include the following:

(1) Instruction on the rights and privileges of the handicapped and the signs and symbols used to assist the handicapped relative to motor vehicles, including the "international symbol of accessibility" and other symbols and devices as provided in Article 2A of Chapter 20 of the General Statutes.

(2) At least six hours of instruction on the offense of driving while impaired and related subjects.

(3) At least six hours of actual driving experience. To the extent practicable, this experience may include at least one hour of instruction on the techniques of defensive driving.

(4) At least one hour of motorcycle safety awareness training.

Local community college boards of trustees are allowed to offer noncredit driver education instruction through the local community college to students eligible under G.S. 20-11. The driver education course shall comply with the curriculum requirements in this section.

COMPETITIVE GRANTS TO IMPROVE AFTER-SCHOOL SERVICES

SECTION 8.29. (a) Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2015-2017 biennium, the State Board of Education shall use five million dollars ($5,000,000) for the After-School Quality Improvement Grant Program administered by the Department of Public Instruction. It is the intent of the General Assembly to appropriate five million dollars ($5,000,000) for this purpose in each year of the 2015-2017 fiscal biennium. Of the funds appropriated for the program, the Department
of Public Instruction may use up to two hundred thousand dollars ($200,000) for each fiscal year to administer the program.

SECTION 8.29.(b) The purpose of the After-School Quality Improvement Grant Program is to pilot after-school learning programs for at-risk students that raise standards for student academic outcomes by focusing on the following:

1. Use of an evidence-based model with a proven track record of success.
2. Inclusion of rigorous, quantitative performance measures to confirm their effectiveness during the grant cycle and at the end-of-grant cycle.
4. Prioritization in programs to integrate clear academic content, in particular, science, technology, engineering, and mathematics (STEM) learning opportunities or reading development and proficiency instruction.
5. Emphasis on minimizing student class size when providing instruction.
6. Expansion of student access to learning activities and academic support that strengthen student engagement and leverage community-based resources, which may include organizations that provide mentoring services and private-sector employer involvement.
7. Prioritize programs that serve students from families who are income-eligible for child care subsidy services or free school lunch.

SECTION 8.29.(c) Local school administrative units and nonprofits working in collaboration with local school administrative units may participate in the program, as set forth in this section, and are eligible to receive two-year grants of up to five hundred thousand dollars ($500,000) a year, based on the proposed number of students served, with an option for a third year of funding.

SECTION 8.29.(d) In those local school districts where the local school administrative unit elects not to participate in this initiative, a nonprofit after-school program may apply to participate and if selected, can receive funds for this program directly from the Department of Public Instruction. The after-school program must coordinate with the local school administrative unit when providing the after-school services and must comply with all requirements described in this section.

The Department of Public Instruction shall contract first with those local school administrative units that partner with after-school programs; then with a nonprofit after school program directly where the local school administrative unit declines to participate. The Department shall monitor all contracts with selected participants to ensure compliance with program requirements and adherence to the purpose of the After-School Quality Improvement Program.

At least seventy percent (70%) of students served by the program must qualify for free or reduced-price meals.

Grants shall be matched on the basis of three dollars ($3.00) in grant funds for every one dollar ($1.00) in nongrant funds. Matching funds shall not include other State funds. Matching funds may include in-kind contributions.

SECTION 8.29.(e) Grant recipients shall report to the Department of Public Instruction after the first year of funding on the progress of the grant, including alignment with State academic standards, data collection for reporting student progress, and other measures, before receiving funding for the next fiscal year. Grant recipients shall report after the second year of funding on key performance data, including statewide test results, attendance rates, and promotion rates. Grant allocations for the third year shall be based on student performance data.

SECTION 8.29.(f) The Department of Public Instruction shall provide interim reports on the grant program to the Joint Legislative Education Oversight Committee by September 15, 2015, and September 15, 2016, with a final report on the program by September
The final report shall include the final results of the program and recommendations regarding effective after-school program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities and academic support, and the experience of the grant recipients.

**SECTION 8.29.(g)** At-Risk funds appropriated in S.L. 2014-100 for this purpose shall not revert at the end of the fiscal year but shall remain available for expenditure.

**SECTION 8.29.(h)** This section becomes effective June 30, 2015.

**ALLOCATION OF NETWORK CONNECTIVITY FUNDS**

**SECTION 8.30.(a)** Funds appropriated in this act to support classroom wireless network connectivity shall be allocated to local school administrative units only for those school classrooms prioritized for funding by a plan approved by the State Board of Education.

**SECTION 8.30.(b)** The plan shall be approved for implementation and shall be reported to the Office of State Budget and Management, the Fiscal Research Division of the North Carolina General Assembly, and the Joint Legislative Education Oversight Committee no later than November 1, 2015.

**SECTION 8.30.(c)** Unexpended funds appropriated for this purpose shall not revert at the end of the 2015-2016 fiscal year but shall remain available for expenditure in the 2016-2017 fiscal year.

**PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

**SECTION 9.1.(a)** The following monthly teacher salary schedule shall apply for the 2015-2016 fiscal year to licensed personnel of the public schools who are classified as teachers. The schedule contains steps within each step corresponding to one year of teaching experience.

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<td>10-14</td>
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<td>25+</td>
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**SECTION 9.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the supplement provided to them as "M" teachers.
(5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 9.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the masters degree level or higher, and (iii) school audiologists who are licensed as audiologists at the masters degree level or higher shall be equivalent to Step 5 of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 9.1.(d) A teacher compensated in accordance with this salary schedule shall receive an amount equal to the greater of (i) the applicable amount on the salary schedule or (ii) the sum of the teacher's salary plus the annual longevity payment that was effective for the 2013-2014 school year.

In addition, educators receiving compensation equal to the sum of the teacher's salary plus the annual longevity payment that was effective for the 2013-2014 school year shall receive an annual nonrecurring bonus of one thousand dollars ($1,000) for each year of the 2015-2017 biennium, payable monthly.

SECTION 9.1.(e) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY

SECTION 9.2.(a) The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2015-2016 fiscal year commencing July 1, 2015.

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## General Assembly of North Carolina

**Session 2015**

### 2015-2016 Principal and Assistant Principal Salary Schedules

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**SECTION 9.2.(b)** The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

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<tr>
<td>Principal VII</td>
<td>$7,952</td>
</tr>
<tr>
<td>Principal VIII</td>
<td>$8,438</td>
</tr>
</tbody>
</table>

### Notes

- Classification refers to the number of years of experience (Years of Exp).
- The table lists salaries for different classifications and years of experience.
- Salaries increase with the number of years of experience and the classification level.

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H940 [Edition 1]
The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

**SECTION 9.2.(c)** A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certified employee of the public schools and an additional step for every three years of experience serving as a principal on or before June 30, 2009. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

**SECTION 9.2.(d)** Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

**SECTION 9.2.(e)** Longevity pay for principals and assistant principals shall be as provided for State employees under the North Carolina Human Resources Act.

**SECTION 9.2.(f)** If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subsection applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

**SECTION 9.2.(g)** Participants in an approved full-time masters in-school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. The stipend shall not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in-school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

**SECTION 9.2.(h)** During the 2015-2017 fiscal biennium, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate
shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

SECTION 9.2.(i) Effective July 1, 2015, any person paid on the State Salary Schedule in the 2014-2015 school year and employed on July 1, 2015, who does not receive a salary increase on this salary schedule shall receive a nonrecurring salary bonus of eight hundred nine dollars ($809.00).

CENTRAL OFFICE SALARIES

SECTION 9.3.(a) The monthly salary ranges that follow, which apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Salary Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Administrator I</td>
<td>$3,391 - $6,323</td>
</tr>
<tr>
<td>School Administrator II</td>
<td>$3,592 - $6,704</td>
</tr>
<tr>
<td>School Administrator III</td>
<td>$3,811 - $7,110</td>
</tr>
<tr>
<td>School Administrator IV</td>
<td>$3,962 - $7,391</td>
</tr>
<tr>
<td>School Administrator V</td>
<td>$4,120 - $7,689</td>
</tr>
<tr>
<td>School Administrator VI</td>
<td>$4,368 - $8,151</td>
</tr>
<tr>
<td>School Administrator VII</td>
<td>$4,542 - $8,478</td>
</tr>
</tbody>
</table>

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

The monthly salary ranges that follow, which apply to public school superintendents, shall remain unchanged for the 2015-2017 fiscal biennium, beginning July 1, 2015.

<table>
<thead>
<tr>
<th>Category</th>
<th>Salary Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent I</td>
<td>$4,819 - $8,991</td>
</tr>
<tr>
<td>Superintendent II</td>
<td>$5,113 - $9,532</td>
</tr>
<tr>
<td>Superintendent III</td>
<td>$5,422 - $10,109</td>
</tr>
<tr>
<td>Superintendent IV</td>
<td>$5,752 - $10,721</td>
</tr>
<tr>
<td>Superintendent V</td>
<td>$6,102 - $11,372</td>
</tr>
</tbody>
</table>

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

SECTION 9.3.(b) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

SECTION 9.3.(c) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.
SECTION 9.3.(d) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 9.3.(e) The annual salaries of all permanent, full-time personnel paid from the Central Office Allotment shall remain unchanged for the 2015-2017 fiscal biennium.

NONCERTIFIED PERSONNEL SALARIES

SECTION 9.4. The annual salary for permanent, full-time and part-time noncertified public school employees whose salaries are supported from the State's General Fund shall be remain unchanged for the 2015-2017 fiscal biennium.

EARLY INTERVENTION STRATEGY

SECTION 9.5.(a) The North Carolina Early Childhood Advisory Council and the Education Cabinet shall jointly develop a strategic plan that focuses on early childhood interventions to address school success and dropout prevention.

SECTION 9.5.(b) The final plan shall be reported to the Office of State Budget and Management and the Fiscal Research Division of the General Assembly no later than February 1, 2016.

TRANSFER TO TEACHER ASSISTANT ALLOTMENT

SECTION 9.6. Of the funds appropriated by this act to the Department of Public Instruction to fund movement along the teacher salary scale, the sum of twenty five million dollars ($25,000,000) for the 2015-2016 fiscal year and the sum of twenty five million dollars ($25,000,000) for the 2016-2017 fiscal year are transferred, due to updated projections, to the Teacher Assistant Allotment, with the appropriate totals adjusted accordingly.

PART X. COMMUNITY COLLEGES

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 10.1. Of the funds appropriated to the Community Colleges System Office for the 2015-2017 fiscal biennium for the College Information System, up to one million two hundred fifty thousand dollars ($1,250,000) shall not revert at the end of each fiscal year but shall remain available until expended. These funds may be used only to purchase periodic system upgrades.

NCCCS TO PROVIDE REMEDIATION AND CAREER READINESS COURSES TO HS SENIORS

SECTION 10.2.(a) The State Board of Community Colleges and the State Board of Education shall develop a joint plan for providing remediation and career and college readiness courses for high school seniors. The plan shall identify models for community college and public school partnerships and shall recommend minimum eligibility standards for high school students. The State Board of Community Colleges and the State Board of Education shall estimate these partnerships' potential costs and shall recommend the allocation of necessary funding.

SECTION 10.2.(b) On or before March 1, 2016, the State Board of Community Colleges and the State Board of Education shall jointly present the plan, including any recommendations for proposed legislative changes, to the Joint Legislative Education Oversight Committee and the Office of State Budget and Management. The jointly developed plan shall be implemented by the fall of the 2016-2017 school year.

ENSURE ACCOUNTABILITY FUNCTION
SECTION 10.3.(a) Section 10.15(a) of S.L. 2013-360 is repealed.

SECTION 10.3.(b) G.S. 115D-5(m) reads as rewritten:

"(m) The State Board of Community Colleges shall maintain an education program auditing accountability function that conducts an annual audit periodic review of each community college operating under the provisions of this Chapter. The purpose of the annual audit-compliance review shall be to ensure that college programs and related fiscal operations comply with State law, State regulations, State Board policies, and System Office guidance. Data used to allocate State funds among colleges is reported accurately to the System Office and that colleges are charging and waiving tuition and registration fees consistent with law. The State Board of Community Colleges shall require auditors of community college programs to use a statistically valid sample size in performing program audit-compliance reviews of community colleges. All education program audit-compliance review findings that are material shall be forwarded to the college president, local college board of trustees, the State Board of Community Colleges, and the State Auditor. The State Board shall adopt rules governing the frequency, scope, and standard of materiality for compliance reviews."

SECTION 10.3.(c) The State Board of Community Colleges shall make public, to the extent possible, the results of these audits.

BASIC SKILLS PLUS

SECTION 10.4.(a) G.S. 115D-5(b) is amended by adding a new subdivision to read:

"(15) If a community college provides employability skills, job-specific occupational or technical skills, or developmental education instruction to students concurrently enrolled in an eligible community college literacy course, the college may waive the tuition and registration fees pursuant to rules adopted by the State Board of Community Colleges."

SECTION 10.4.(b) G.S. 115D-31(b1) reads as rewritten:

"(b1) A local community college may use all State funds allocated to it, except for Literacy funds and Customized Training funds, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Notwithstanding any other provision of law, the State Board of Community Colleges may authorize a local community college to use up to twenty percent (20%) of the Literacy Funds allocated to the community college to provide employability skills, job-specific occupational and technical skills, and developmental education instruction to students concurrently enrolled in an eligible community college literacy course. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs."

YEAR-ROUND FUNDING FOR CURRICULUM CLASSES

SECTION 10.5.(a) G.S. 115D-5(v) reads as rewritten:

"(v) Community colleges may teach technical education, health care, developmental education, and STEM-related curriculum courses at any time during the year, including the summer term. Student membership hours from these courses shall be counted when computing full-time equivalent students (FTE) for use in budget funding formulas at the State level."

SECTION 10.5.(b) Subsection (a) of this section is effective beginning with the summer 2015 term.

EXPAND AGRICULTURAL AND TRANSPORTATION CLASSES TO FRESHMEN AND SOPHOMORES

SECTION 10.6. G.S. 115D-20(4)a.2. reads as rewritten:
§ 115D-20. Powers and duties of trustees.

... a. Subject to the approval of the State Board of Community Colleges, local community colleges may collaborate with local school administrative units to offer courses through the following programs:

... 2. Academic transition pathways for qualified junior and senior high school students that lead to a career technical education certificate or diploma and academic transition pathways for qualified freshmen and sophomore high school students that lead to a career technical education certificate or diploma in industrial and engineering technologies, agriculture and natural resources, or transportation technology.

PART XI. UNIVERSITIES

USE OF ESCEHAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS/STUDY SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS PROGRAM

SECTION 11.1.(a) There is appropriated from the Escheat Fund income to the Board of Governors of The University of North Carolina the sum of fifty-five million three hundred ninety-four thousand thirty-six dollars ($55,394,036) for the 2015-2016 fiscal year and the sum of forty-seven million two hundred eighty-seven thousand two hundred forty-two dollars ($47,287,242) in the 2016-2017 fiscal year to be used for The University of North Carolina Need-Based Financial Aid Program.

SECTION 11.1.(b) There is appropriated from the Escheat Fund income to the State Board of Community Colleges the sum of sixteen million three hundred thirty-five thousand dollars ($16,335,000) for the 2015-2016 and 2016-2017 fiscal years to be used for community college grants.

SECTION 11.1.(c) There is appropriated from the Escheat Fund income to the Department of Administration, Division of Veterans Affairs, the sum of six million five hundred twenty thousand nine hundred sixty-four dollars ($6,520,964) for the 2015-2016 and 2016-2017 fiscal years to be used for need-based student financial aid.

SECTION 11.1.(d) The funds appropriated by subsections (a) and (b) of this section shall be allocated by the State Education Assistance Authority (SEAA) for need-based student financial aid in accordance with G.S. 116B-7. The funds appropriated by subsections (c) of this section shall be transferred to the Department of Administration to partially fund the Scholarships for Children of War Veterans Program in accordance with G.S. 116B-7. If the interest income generated from the Escheat Fund is less than the amounts referenced in this section, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this section; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated under this section remain uncommitted for need-based financial aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 11.1.(e) The State Education Assistance Authority shall perform all of the administrative functions necessary to implement the programs of financial aid in subsections (a) and (b) of this section. The SEAA shall conduct periodic evaluations of expenditures of the scholarship programs to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs.
SEAA may make recommendations for redistribution of funds to The University of North Carolina and the President of the Community College System regarding their respective scholarship programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

PROVIDE IN-STATE TUITION FOR NONRESIDENT MILITARY VETERANS

SECTION 11.2.(a) The State of North Carolina intends to ensure military veterans can receive the full benefit of the educational assistance programs in which they are enrolled. To permit a veteran's full use of benefits requires North Carolina to comply with the provisions of PL 113-146, the Veterans Access, Choice and Accountability Act of 2014 ("the Act"). The Act requires the United States Department of Veterans Affairs to disapprove programs of education if a public institution of higher education charges out-of-State tuition and fees to individuals covered by the Montgomery and Post-9/11 GI Bills, provided those individuals live in the state where the public institution is located.

SECTION 11.2.(b) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:


(a) Definitions. – The following definitions apply in this section:
(1) Abode. – The place where a person actually lives, whether temporarily or permanently; the term "abide" shall mean to live in a given place, as defined in G.S. 116-143.3(a)(1).
(2) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, and Navy; the North Carolina National Guard; and any reserve component of the foregoing, as defined in G.S. 116-143.3(a)(2).
(3) Veteran. – A person who served active duty for not fewer than 90 days in the Armed Forces or in the commissioned corps of the Public Health Service or National Oceanic and Atmospheric Administration and who was discharged or released from the Armed Forces under conditions other than dishonorable.

(b) Waiver of 12-Month Residency Requirement for Veteran. – Any veteran who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the veteran meets all of the following criteria:
(1) The veteran applies for admission to the institution of higher education and enrolls within three years of the veteran's discharge or release from the Armed Forces, or release from the Armed Forces, the commissioned corps of the Public Health Service, or the National Oceanic and Atmospheric Administration.
(3) The veteran's abode is in North Carolina.

education benefits under 38 U.S.C. Chapter 30, 38 U.S.C. Chapter 33, 38 U.S.C. Chapter 31, 38 U.S.C. Chapter 35, 10 U.S.C. Chapter 1606, or 10 U.S.C. Chapter 1607 is also eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment without satisfying the 12-month residency requirement under G.S. 116-143.1, if the person meets all of the following criteria:

(1) The person qualifies for admission to the institution of higher education as defined in G.S. 116-143.1(a)(3) and enrolls within three years of the veteran's discharge or release from the Armed Forces, or release from the Armed Forces, the commissioned corps of the Public Health Service, or the National Oceanic and Atmospheric Administration.


(3) The person's abode is in North Carolina.

(d) A person for which the 12-month residency requirement is waived pursuant to this section shall make every effort practicable to obtain the status of legal resident as defined in G.S. 116-143.1 within 12 months of enrollment at an institution of higher education.

SECTION 11.2.(c) Subsection (b) of this section becomes effective July 1, 2015, and applies to qualifying veterans and other individuals entitled to federal education benefits under 38 U.S.C. Chapter 30, 38 U.S.C. Chapter 33, 38 U.S.C. Chapter 31, 38 U.S.C. Chapter 35, 10 U.S.C. Chapter 1606, or 10 U.S.C. Chapter 1607 who are enrolled or who enroll in institutions of higher education for any academic quarter, term, or semester that begins on or after that date.

SECTION 11.2.(d) The funds appropriated to the Board of Governors of The University of North Carolina for the 2014-2015 fiscal year for the Yellow Ribbon Reserve shall not revert at the end of the fiscal year but shall remain available until expended.

SECTION 11.2.(e) The funds appropriated to the State Board of Community Colleges for the 2014-2015 fiscal year for the Yellow Ribbon Reserve shall not revert at the end of the fiscal year but shall remain available until expended.

SECTION 11.2.(f) Subsections (d) and (e) of this section become effective June 29, 2015.

SECTION 11.2.(g) G.S. 116-143.8 is repealed. Funds appropriated pursuant to , Section 11.12(b) of S.L. 2014-100 for the Yellow Ribbon Reserve shall be reallocated as part of subsection (h) of this section.

SECTION 11.2.(h) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of four million eight hundred sixty-three thousand two hundred seventy-six dollars ($4,863,276) for the 2015-2016 fiscal year and nine million three hundred thousand seven hundred and sixty-one dollars ($9,300,761) for the 2016-2017 fiscal year to implement subsection (b) of the section.

SECTION 11.2.(i) There is appropriated from the General Fund to the State Board of Community Colleges the sum of one million dollars ($1,000,000) for the 2015-2016 fiscal year and two million dollars ($2,000,000) for the 2016-2017 fiscal year to implement subsection (b) of this section.

SECTION 11.2.(j) The University of North Carolina shall not revise its enrollment growth funding model to request appropriations as an offset for tuition lost by waiving nonresident tuition pursuant to this section.

UNC MANAGEMENT FLEXIBILITY TO ACHIEVE EFFICIENCIES
SECTION 11.3.(a) The management flexibility reduction for The University of North Carolina in the amount of forty-nine million nine hundred thirteen thousand two hundred forty-four dollars ($49,913,244) shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but shall be done in a manner that recognizes the importance of the academic missions and differences among The University of North Carolina entities.

Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider all of the following:

1. Reducing the number of senior and middle management positions.
2. Identifying new opportunities for shared services.
3. Faculty workload adjustments.
4. Eliminating low-performing, redundant, or low-enrollment programs.
5. Restructuring of research activities.
6. Reducing State funding for centers and institutes, speaker series, and other nonacademic activities.
7. Using alternative funding sources.
8. Protecting direct classroom services.

The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification.

SECTION 11.3.(b) In allocating the management flexibility reduction, no reduction in State funds shall be allocated in either fiscal year of the 2015-2017 biennium to any of the following:

1. UNC Need-Based Financial Aid.
2. North Carolina Need-Based Scholarship.
3. Elizabeth City State University.
4. Fayetteville State University.
5. NC School of Science and Mathematics.

SECTION 11.3.(c) The University of North Carolina shall report on the implementation of the management flexibility reduction in subsection (a) of this section to the Office of State Budget and Management and the Fiscal Research Division no later than November 1, 2015. This report shall identify both of the following by campus:

1. The total number of positions eliminated by type (faculty/nonfaculty and vacant/filled).
2. The low-performing, redundant, and low-enrollment programs that were eliminated.

INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU) STUDENTS

SECTION 11.4.(a) For fiscal year 2015-2016 and subsequent years, funds first appropriated in S.L. 2014-100 by the General Assembly for internships and career-based opportunities for HBCU students in Budget Code 16011 are not limited to four HBCUs and are not required to be allocated to Elizabeth City State University.

SECTION 11.4.(b) The Board of Governors of The University of North Carolina shall allocate funds referenced in this section after conducting a competitive process to select participating HBCU institutions. Funds may be allocated only to constituent institutions of the
University of North Carolina designated as a HBCU and private colleges and universities located in North Carolina which are designated as a HBCU.

SECTION 11.4.(c) Of the funds referenced in this section, The University of North Carolina may use up to five percent (5%) for costs associated with administering this program.

ECU BUDGET REALIGNMENT APPROVED BY CHANCELLOR

SECTION 11.5. In the 2015-2016 fiscal year only, East Carolina University may transfer one million five hundred sixty-eight thousand seven hundred eighty-seven dollars ($1,568,787) from Budget Code 16066 (Health Affairs) to Budget Code 16065 (Academic Affairs). These funds may be transferred to align the campus budget with the internal reorganizations approved by the Chancellor during fiscal year 2014-2015. This transfer shall provide more transparency in the expenditures of East Carolina University.

COMPETITIVE TECHNOLOGY IMPROVEMENTS FOR ECSU REPORTS

SECTION 11.6. The University of North Carolina shall report to the Office of State Budget and Management and the Fiscal Research Division of the General Assembly on the status of funds appropriated for competitive technology improvements at Elizabeth City State University no later than October 1, 2015, and quarterly thereafter. The reports shall provide detailed descriptions of the scope of work that has been completed to date, anticipated activities for the next quarter, and a plan with time line to complete the full scope of work. The reports shall also include evidence of improved services and outcomes achieved from technology improvements implemented using these funds.

LIMIT USE OF STATE FUNDS FOR ADVANCEMENT PROGRAMS

SECTION 11.7. For the 2015-2016 fiscal year and subsequent years, a constituent institution as defined in G.S. 116-2 shall not expend more than one million dollars ($1,000,000) of State funds annually on advancement programs. Constituent institutions shall take reasonable actions to increase the reliance of advancement programs on funds generated from fund-raising activities.

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT

FUNDING FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST); REPORT ON ELIGIBILITY DETERMINATIONS FOR THE EXCHANGE

SECTION 12A.1.(a) Funds appropriated in this act in the amount of five million eight hundred three thousand dollars ($5,803,000) for State fiscal year 2015-2016 and thirteen million fifty-two thousand dollars ($13,052,000) in 2016-2017 along with prior year earned revenue in the amount of nine million four hundred thousand dollars ($9,400,000) and the cash balance in Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through Technology (NC FAST) program shall be used to match federal funds in fiscal years 2015-2016 and 2016-2017 to expedite the development and implementation of Child Care, Low Income Energy Assistance, Crisis Intervention Programs, Child Services and NC FAST Federally-Facilitated Marketplace (FFM) Interoperability components of the NC FAST program.

FUNDS FOR MEDICAID MANAGEMENT INFORMATION SYSTEM (NCTRACKS)

SECTION 12A.2. Funds appropriated in this act in the amount of two million three hundred thousand dollars ($2,300,000) for State fiscal year 2015-2016 and nine hundred forty
thousand dollars ($940,000) for State fiscal year 2016-2017 are to be used for the further
development of the Medicaid Management Information System. This expansion request is to
cover the additional development work for NCTRACKS to meet ICD-10 federal compliance
and to allow health care providers to share information online, and provide more efficient
licensure and certification processes, including license renewals.

HEALTH INFORMATION TECHNOLOGY

SECTION 12A.3.(a) The Department of Health and Human Services, in
cooporation with the State Chief Information Officer, shall coordinate health information
technology (HIT) policies and programs within the State of North Carolina. The Department's
goal in coordinating State HIT policy and programs shall be to avoid duplication of efforts and
to ensure that each State agency, public entity, and private entity that undertakes health
information technology activities does so within the area of its greatest expertise and technical
capability and in a manner that supports coordinated State and national goals, which shall
include at least all of the following:

1. Ensuring that patient health information is secure and protected, in
   accordance with applicable law.
2. Improving health care quality, reducing medical errors, reducing health
disparities, and advancing the delivery of patient-centered medical care.
3. Providing appropriate information to guide medical decisions at the time and
   place of care.
4. Ensuring meaningful public input into HIT infrastructure development.
5. Improving the coordination of information among hospitals, laboratories,
   physicians' offices, and other entities through an effective infrastructure for
   the secure and authorized exchange of health care information.
6. Improving public health services and facilitating early identification and
   rapid response to public health threats and emergencies, including
   bioterrorist events and infectious disease outbreaks.
7. Facilitating health and clinical research.
8. Promoting early detection, prevention, and management of chronic diseases.

SECTION 12A.3.(b) The Department of Health and Human Services shall
establish and direct an HIT management structure that is efficient and transparent and that is
compatible with the Office of the National Health Coordinator for Information Technology
(National Coordinator) governance mechanism. The HIT management structure shall be
responsible for all of the following:

1. Developing a State plan for implementing and ensuring compliance with
   national HIT standards and for the most efficient, effective, and widespread
   adoption of HIT.
2. Ensuring that (i) specific populations are effectively integrated into the State
   plan, including aging populations, populations requiring mental health
   services, and populations utilizing the public health system, and (ii) underserved
   and underserved populations receive priority consideration for HIT support.
3. Identifying all HIT stakeholders and soliciting feedback and participation
   from each stakeholder in the development of the State plan.
4. Ensuring that existing HIT capabilities are considered and incorporated into
   the State plan.
5. Identifying and eliminating conflicting HIT efforts where necessary.
6. Identifying available resources for the implementation, operation, and
   maintenance of health information technology, including identifying
   resources and available opportunities for North Carolina institutions of
   higher education.
(7) Ensuring that potential State plan participants are aware of HIT policies and programs and the opportunity for improved health information technology.

(8) Monitoring HIT efforts and initiatives in other states and replicating successful efforts and initiatives in North Carolina.

(9) Monitoring the development of the National Coordinator's strategic plan and ensuring that all stakeholders are aware of and in compliance with its requirements.

(10) Monitoring the progress and recommendations of the HIT Policy and Standards Committee and ensuring that all stakeholders remain informed of the Committee's recommendations.

(11) Monitoring all studies and reports provided to the United States Congress and reporting to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the impact of report recommendations on State efforts to implement coordinated HIT.

SECTION 12A.3.(c) By no later than January 15, 2016, the Department of Health and Human Services shall provide a written report on the status of HIT efforts to the Joint Legislative Oversight Committee on Health and Human Services, the Fiscal Research Division and the Office of State Budget and Management. The report shall be comprehensive and shall include all of the following:

(1) Current status of federal HIT initiatives.

(2) Current status of State HIT efforts and initiatives among both public and private entities.

(3) A breakdown of current public and private funding sources and dollar amounts for State HIT initiatives.

(4) Department efforts to coordinate HIT initiatives within the State and any obstacles or impediments to coordination.

(5) HIT research efforts being conducted within the State and sources of funding for research efforts.

(6) Opportunities for stakeholders to participate in HIT funding and other efforts and initiatives during the next quarter.

(7) Issues associated with the implementation of HIT in North Carolina and recommended solutions to these issues.

ANNUAL REPORT OF LAPSED SALARY FUNDS

SECTION 12A.4. Beginning no later than November 1, 2015, the Department of Health and Human Services shall submit quarterly reports to the Joint Legislative Oversight Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Fiscal Research Division, and the Office of State Budget and Management on the use of lapsed salary funds by each Division within the Department. For each Division, the report shall include the following information about the preceding quarter:

(1) The total amount of lapsed salary funds.

(2) The number of full-time equivalent positions comprising the lapsed salary funds.

(3) The Fund Code for each full-time equivalent position included in the number reported pursuant to subdivision (2) of this section.

(4) The purposes for which the Department expended lapsed salary funds.

FUNDING FOR NONPROFIT ORGANIZATIONS/ESTABLISH COMPETITIVE GRANTS PROCESS
SECTION 12A.5.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of nine million one hundred three thousand nine hundred eleven dollars ($9,103,911) and the sum of three million eight hundred fifty-two thousand five hundred dollars ($3,852,500) appropriated in Section 12J.1 of this act in Social Services Block Grant funds for each year of the 2015-2017 fiscal biennium shall be used to allocate funds for nonprofit organizations.

SECTION 12A.5.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

1. A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis.
2. A requirement that nonprofits match a minimum of ten percent (10%) of the total amount of the grant award.
3. A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.
4. A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:
   a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
   b. A system of residential supports for those afflicted with substance abuse addiction.
   c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
   d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
   e. A food distribution system for needy individuals.
   f. The provision and coordination of services for the homeless.
   g. The provision of services for individuals aging out of foster care.
   h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
   i. A program focused on enhancing vision screening through the State's public school system.
   j. Provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
   k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
   l. The provision of assistive information technology services for blind and disabled persons.
   m. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.

5. Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

SECTION 12A.5.(c) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to subsection (b) of this section shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:
(1) The entity’s mission, purpose, and governance structure.
(2) A description of the types of programs, services, and activities funded by State appropriations.
(3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
(4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
(5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures and funding sources.

SECTION 12A.5.(d) No later than July 1 of each fiscal year, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective fiscal year pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
(2) The amount of funding awarded to each grantee.
(3) The number of persons served by each grantee, broken down by program or initiative.

FUNDS FOR STATEWIDE HEALTH INFORMATION EXCHANGE

SECTION 12A.6. It is the intent of the State:
(1) To provide funds for the ongoing administration and support of the statewide health information exchange network (HIE Network).
(2) To maximize receipt of federal funds for these expenses where possible.

From the two million dollars ($2,000,000) appropriated to the Department of Health and Human Services, Division of Central Management and Support, for the HIE Network for the 2015-2017 fiscal biennium, the Department shall allocate to the North Carolina Health Information Exchange (NC HIE), or to any other organization designated as the entity responsible for overseeing and administering the HIE Network in accordance with Article 29A of Chapter 90 of the General Statutes, the North Carolina Health Information Exchange Act, an amount reasonably necessary to support the administration of the HIE Network. Where such costs are eligible for federal matching funds, the Department of Health and Human Services shall maximize support of the HIE Network by drawing down available matching funds.

COMMUNITY HEALTH GRANT PROGRAM CHANGES

SECTION 12A.7. The Department of Health and Human Services, Office of Rural Health and Community Care, shall repurpose two million two hundred fifty thousand dollars ($2,250,000) in Health Net appropriations to the Community Health Grant Program. The new appropriation for this program is seven million six hundred eighty-seven thousand one hundred sixty-nine dollars ($7,687,169) in recurring funds. To ensure continuity of care, safety-net agencies receiving Health Net funds at the end of State Fiscal Year (SFY) 2015 shall be eligible to apply for and receive Community Health Grant funds at their current level of funding for SFYs 2016 and 2017. After SFY 2017, these agencies must submit an application for funding through the competitive Community Health Grant process. The Community Health Grant Program is available to rural health centers, free clinics, public health departments, school-based health centers, federally qualified health centers, and other nonprofit organizations that provide primary care and preventive health services to low-income
populations, including uninsured, underinsured, Medicaid, and Medicare residents across the State.

RURAL HEALTH LOAN REPAYMENTS

SECTION 12A.8. The Department of Health and Human Services, Office of Rural Health and Community Care, shall use funds appropriated in this act for loan repayment to medical, dental, and psychiatric providers in communities and State hospitals to combine all loan repayment programs in order to achieve efficient and effective management of the programs. The loan repayment programs to be combined under this section are (i) the Physician Loan Repayment Program, (ii) the Psychiatric Loan Repayment Program, and (iii) the Loan Repayment Initiative at State Facilities.

In addition, these funds may be used for the following purposes:

(1) Continue to fund the State Loan Repayment Program for primary care providers and expand state incentives to general surgeons practicing in Critical Access Hospitals (CAHs) located across the State.

(2) Expand the State Loan Repayment Program to include eligible providers residing in North Carolina who use telemedicine in rural and underserved areas.

SUBPART XII-B. DIVISION OF AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE

SECTION 12B.1.(a) For each year of the 2015-2017 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars ($1,182) per month per resident.

SECTION 12B.1.(b) For each year of the 2015-2017 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident.

SUBPART XII-C. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K AND STANDARDS FOR FOUR- AND FIVE-STAR-RATED FACILITIES

SECTION 12C.1.(a) Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on active duty. Eligibility determinations for pre-kindergarten participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.
Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

**SECTION 12C.1.(b) Multiyear Contracts.** – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

**SECTION 12C.1.(c) Programmatic Standards.** – All entities operating prekindergarten classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

**SECTION 12C.1.(d) NC Pre-K Committees.** – The Division of Child Development and Early Education shall establish a standard decision-making process to be used by local NC Pre-K committees in awarding prekindergarten classroom slots and student selection.

**SECTION 12C.1.(e) Reporting.** – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

1. The number of children participating in the NC Pre-K program by county.
2. The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
3. The expected NC Pre-K expenditures for the programs and the source of the local contributions.
4. The results of an annual evaluation of the NC Pre-K program.

**SECTION 12C.1.(f) The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).**

### CHILD CARE SUBSIDY RATES/REVISE CO-PAYMENTS AND ELIGIBILITY CRITERIA

**SECTION 12C.2.(a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:**

<table>
<thead>
<tr>
<th>AGE</th>
<th>INCOME PERCENTAGE LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5</td>
<td>200%</td>
</tr>
<tr>
<td>6-12</td>
<td>133%</td>
</tr>
</tbody>
</table>

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

**SECTION 12C.2.(b) A child receiving child care subsidy based on seventy-five percent (75%) of the State median income shall continue to receive subsidy based on seventy-five percent (75%) of the State median income until the child's next eligibility redetermination by the Department, and at that redetermination, the child's income eligibility shall be based on the eligibility criteria set forth in subsection (a) of this section.**

**SECTION 12C.2.(c) Effective July 1, 2015, the Department of Health and Human Services, Division of Child Development and Early Education, shall revise its child care subsidy policy to remove in the policy's definition of "income unit" the following:
(1) A nonparent relative caretaker, and the caretaker’s spouse and child, if applicable, when the parent of the child receiving child care subsidy does not live in the home with the child.

SECTION 12C.2.(d) Beginning October 1, 2015, fees for families who are required to share in the cost of care shall be established based on ten percent (10%) of gross family income. Co-payments shall not be prorated for part-time care.

SECTION 12C.2.(e) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.

(3) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(4) No payments shall be made for transportation services or registration fees charged by child care facilities.

(5) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment.

(6) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

SECTION 12C.2.(f) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 12C.2.(g) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

SECTION 12C.2.(h) The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher-quality centers and homes only. The Division shall define higher-quality, and subsidy funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate number of four- and five-star-rated facilities, the Division shall continue a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The Division may allow exemptions in
counties where there is an inadequate number of four- and five-star-rated facilities for
non-star-rated programs, such as religious programs.

**SECTION 12C.2.(i)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the
program that provides for the purchase of care in child care facilities for minor children of
needy families. Except as authorized by subsection (g) of this section, no separate licensing
requirements shall be used to select facilities to participate. In addition, child care facilities
shall be required to meet any additional applicable requirements of federal law or regulations.
Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of
the General Statutes shall meet the requirements established by other State law and by the
Social Services Commission.

County departments of social services or other local contracting agencies shall not
use a provider's failure to comply with requirements in addition to those specified in this
subsection as a condition for reducing the provider's subsidized child care rate.

**SECTION 12C.2.(j)** Payment for subsidized child care services provided with
Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
and policies issued by the Division of Child Development for the subsidized child care
program.

**SECTION 12C.2.(k)** Noncitizen families who reside in this State legally shall be
eligible for child care subsidies if all other conditions of eligibility are met. If all other
conditions of eligibility are met, noncitizen families who reside in this State illegally shall be
eligible for child care subsidies only if at least one of the following conditions is met:

1. The child for whom a child care subsidy is sought is receiving child
   protective services or foster care services.
2. The child for whom a child care subsidy is sought is developmentally
delayed or at risk of being developmentally delayed.
3. The child for whom a child care subsidy is sought is a citizen of the United
   States.

**REVISE CHILD CARE ALLOCATION FORMULA**

**SECTION 12C.3.(a)** The Department of Health and Human Services shall allocate
child care subsidy voucher funds to pay the costs of necessary child care for minor children of
needy families. The mandatory thirty-percent (30%) North Carolina Partnership for Children,
Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each
county's child care subsidy allocation. The Department of Health and Human Services shall use
the following method when allocating federal and State child care funds, not including the
aggregate mandatory thirty-percent (30%) North Carolina Partnership for Children, Inc.,
subsidy allocation:

1. Funds shall be allocated to a county based upon the projected cost of serving
   children under age 11 in families with all parents working who earn less than
   the applicable federal poverty level percentage set forth in Section 12C.2(a)
   of this act.
2. No county's allocation shall be less than ninety percent (90%) of its State
   fiscal year 2001-2002 initial child care subsidy allocation.
3. The Department of Health and Human Services shall allocate to counties all
   State funds appropriated for child care subsidy and shall not withhold funds
during the 2015-2016 and 2016-2017 fiscal years.

**SECTION 12C.3.(b)** The Department of Health and Human Services may
reallocate unused child care subsidy voucher funds in order to meet the child care needs of
low-income families. Any reallocation of funds shall be based upon the expenditures of all
child care subsidy voucher funding, including North Carolina Partnership for Children, Inc.,
funds within a county.

SECTION 12C.3.(c) When implementing the formula under subsection (a) of this
section, the Department of Health and Human Services, Division of Child Development and
Early Education, shall include the market rate increase in the formula process, rather than
calculating the increases outside of the formula process. Additionally, the Department shall do
the following:

(1) Beginning fiscal year 2014-2015, implement (i) one-third of the change in a
county's allocation based on the new Census data; (ii) an additional one-third
of the change in a county's allocation beginning fiscal year 2016-2017; and
(iii) the final one-third change in a county's allocation beginning fiscal year
2018-2019. However, the following applies regarding increases to a county's
allocation:

a. For the 2015-2016 fiscal year allocations, a county that did not have
a child care subsidy waiting list during the 2014-2015 fiscal year
shall not receive an increase in its allocation due to the new
allocation formula directed in this subdivision.

b. Beginning fiscal year 2015-2016, a county whose spending
coefficient is below ninety-five percent (95%) in the previous fiscal
year shall not receive an increase in its allocation in the following
fiscal year. The Division may waive this requirement and allow an
increase if the spending coefficient is below ninety-five percent
(95%) due to extraordinary circumstances, such as a State or federal
disaster declaration in the affected county. By October 1 of each
year, the Division shall report to the Joint Legislative Oversight
Committee on Health and Human Services and the Fiscal Research
Division the counties that received a waiver pursuant to this
subdivision and the reasons for the waiver.

(2) Effective immediately following the next new Census data release,
implement (i) one-third of the change in a county's allocation in the year
following the data release; (ii) an additional one-third of the change in a
county's allocation beginning two years after the initial change under this
subdivision; and (iii) the final one-third change in a county's allocation
beginning the following two years thereafter.

CHILD CARE FUNDS MATCHING REQUIREMENTS

SECTION 12C.4. No local matching funds may be required by the Department of
Health and Human Services as a condition of any locality's receiving its initial allocation of
child care funds appropriated by this act unless federal law requires a match. If the Department
reallocates additional funds above twenty-five thousand dollars ($25,000) to local purchasing
agencies beyond their initial allocation, local purchasing agencies must provide a
twenty-percent (20%) local match to receive the reallocated funds. Matching requirements shall
not apply when funds are allocated because of a disaster as defined in G.S. 166A-19.3(6).

CHILD CARE REVOLVING LOAN

SECTION 12C.5. Notwithstanding any law to the contrary, funds budgeted for the
Child Care Revolving Loan Fund may be transferred to and invested by the financial institution
contracted to operate the Fund. The principal and any income to the Fund may be used to make
loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's
cost of operating the Fund, or pay the Department’s cost of administering the program.
ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES/USE OF SUBSIDY FUNDS FOR FRAUD DETECTION

SECTION 12C.6.(a) The Department of Health and Human Services, Division of Child Development and Early Education, shall fund the allowance that county departments of social services may use for administrative costs at four percent (4%) of the county's total child care subsidy funds allocated in the Child Care and Development Fund Block Grant plan or eighty thousand dollars ($80,000), whichever is greater.

SECTION 12C.6.(b) Each county department of social services may use up to two percent (2%) of child care subsidy funds allocated to the county for fraud detection and investigation initiatives.

SECTION 12C.6.(c) The Division of Child Development and Early Education may adjust the allocations in the Child Care and Development Fund Block Grant under Section 12I.1(a) of this act according to (i) the final allocations for local departments of social services under subsection (a) of this section and (ii) the funds allocated for fraud detection and investigation initiatives under subsection (b) of this section. The Division shall submit a report on the final adjustments to the allocations of the four percent (4%) administrative costs to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than September 30, of each year.

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT ADJUSTMENTS

SECTION 12C.7.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall establish policies that focus the North Carolina Partnership for Children, Inc.'s mission on improving child care quality in North Carolina for children from birth to five years of age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star rated facilities increase their star ratings and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to five years of age that do the following:

(1) Increase children’s literacy.
(2) Increase the parents' ability to raise healthy, successful children.
(3) Improve children's health.
(4) Assist four- and five-star rated facilities in improving and maintaining quality.

SECTION 12C.7.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall develop a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships shall be required to participate in the contract management system and shall be directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 12C.7.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc.
Partnership for Children, Inc., shall base the schedule on the following criteria:

1. The population of the area serviced by a local partnership.
2. The amount of State funds administered.
3. The amount of total funds administered.
4. The professional experience of the individual to be compensated.
5. Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local partnership from using non-State funds to supplement an individual's salary in excess of the amount set by the salary schedule established under this subsection.

SECTION 12C.7.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the 2015-2017 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least eleven percent (11%), and in-kind donated resources shall be equal to no more than four percent (4%) for a total match requirement of fifteen percent (15%) for the 2015-2016 and 2016-2017 fiscal years. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Employment Security Commission in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

1. Be verifiable from the contractor's records.
2. If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
3. Not include expenses funded by State funds.
4. Be supplemental to and not supplant preexisting resources for related program activities.
5. Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
6. Be otherwise allowable under federal or State law.
7. Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
8. Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a fifteen-percent (15%) match by June 30 of the 2015-2016 and 2016-2017 fiscal years shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations in a
format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

**SECTION 12C.7.(e) Bidding.** – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

1. For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy to be developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
2. For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.
3. For amounts of fifteen thousand dollars ($15,000) or more, but less than forty thousand dollars ($40,000), a request for proposal process.
4. For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

**SECTION 12C.7.(f) Allocations.** – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

**SECTION 12C.7.(g) Performance-Based Evaluation.** – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

**SECTION 12C.7.(h) Expenditure Restrictions.** – The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for State fiscal years 2015-2016 and 2016-2017 shall be administered and distributed in the following manner:

1. Capital expenditures are prohibited for fiscal years 2015-2016 and 2016-2017. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
2. Expenditures of State funds for advertising and promotional activities are prohibited for fiscal years 2015-2016 and 2016-2017.

For fiscal years 2015-2016 and 2016-2017, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

**SECTION 12C.7.(i) The North Carolina Partnership for Children, Inc., (Partnership) shall implement a plan to increase local capacity to raise private funds to support early childhood activities.** The plan shall include the following:

1. Providing training and technical assistance on fund-raising for local partnerships and boards.
2. Building the capacity and composition of local boards to enhance fund development and long-term sustainability.
3. Partnering with State and local businesses and organizations to create fund-raising events.
4. Identifying grant opportunities at the State and local level.

**SUBPART XII-D. DIVISION OF PUBLIC HEALTH**

**REGULATION OF FOOD AND LODGING ESTABLISHMENTS**

**SECTION 12D.1.** G.S. 130A-248(c) reads as rewritten:

"(c) If ownership of an establishment is transferred or the establishment is leased, the new owner or lessee shall apply for a new permit. The new owner or lessee may also apply for a transitional permit. A transitional permit may be issued upon the transfer of ownership or lease of an establishment to allow the correction of construction and equipment problems that do not represent an immediate threat to the public health. Upon issuance of a new permit or a..."
transitional permit for the same establishment, any previously issued permit for an establishment in that location becomes void. This paragraph does not prohibit issuing more than one establishment permit in a location if the rules adopted by the Commission governing food and lodging establishments can be met."

AIDS DRUG ASSISTANCE PROGRAM

SECTION 12D.2. The Department of Health and Human Services shall work with the Department of Public Safety (DPS) to use DPS funds to purchase pharmaceuticals for the treatment of individuals in the custody of DPS who have been diagnosed with Human Immunodeficiency Virus or Acquired Immune Deficiency Syndrome (HIV/AIDS) in a manner that allows these funds to be accounted for as State matching funds in the Department of Health and Human Services drawdown of federal Ryan White funds earmarked for the AIDS Drug Assistance Program (ADAP).

INCREASE NORTH CAROLINA MEDICAL EXAMINER AUTOPSY FEES

SECTION 12D.3.(a) G.S. 130A-389(a) reads as rewritten:

"(a) If, in the opinion of the medical examiner investigating the case or of the Chief Medical Examiner, it is advisable and in the public interest that an autopsy or other study be made; or, if an autopsy or other study is requested by the district attorney of the county or by any superior court judge, an autopsy or other study shall be made by the Chief Medical Examiner or by a competent pathologist designated by the Chief Medical Examiner. A complete autopsy report of findings and interpretations, prepared on forms designated for the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a copy of the report shall be furnished to any person upon request. A fee for the autopsy or other study shall be paid by the State. However, if the deceased is a resident of the county in which the death or fatal injury occurred, that county shall pay the fee. The fee shall be one thousand two hundred fifty dollars ($1,250) in SFY 2015-2016 and two thousand two hundred fifty dollars ($2,250) in SFY 2016-2017."

SECTION 12D.3.(b) The Department of Health and Human Services, Division of Public Health, shall study and evaluate the method of autopsy financing and the cost-sharing of the service between the state and counties. The department may make recommendations for changes in cost-sharing of this service for consideration in FY 2016.

SECTION 12D.3.(c) This section becomes effective August 1, 2015, and applies to fees imposed for autopsies on or after that date.

INCREASE LOCAL MEDICAL EXAMINER FEES AND MODIFY ENTITY RESPONSIBLE FOR PAYMENT

INCREASE MEDICAL EXAMINER FEES

SECTION 12D.4.(a) G.S. 130A-387 reads as rewritten:

"For each investigation and prompt filing of the required report, the medical examiner shall receive a fee paid by the State. However, if the deceased is a resident of the county in which the death or fatal injury occurred, that county shall pay the fee. The fee shall be one hundred dollars ($100.00) two hundred fifty dollars ($250.00)."

SECTION 12D.4.(b) This section becomes effective August 1, 2015.

MANDATORY MEDICAL EXAMINER TRAINING

SECTION 12D.5.(a) G.S. 130A-382 reads as rewritten:

"§ 130A-382. County medical examiners; appointment; term of office; vacancies, training requirements; revocation for cause."
(a) The Chief Medical Examiner shall appoint one or more county medical examiners for each county for a three-year term. In appointing medical examiners for each county, the Chief Medical Examiner shall give preference to physicians licensed to practice medicine in this State but may also appoint licensed physician assistants, nurse practitioners, nurses, coroners, or emergency medical technician paramedics. A medical examiner may serve more than one county. The Chief Medical Examiner may take jurisdiction in any case or appoint another medical examiner to do so.

(b) County medical examiners shall complete annual continuing education training as directed by the Office of the Chief Medical Examiner and based on established and published guidelines. Guidelines shall be published and annually updated on the Web site of the Office of the Chief Medical Examiner. Newly appointed county medical examiners shall complete mandatory orientation training as directed by the Office of the Chief Medical Examiner within 90 days of their appointment.

(c) The Chief Medical Examiner may revoke a county medical examiner's appointment for failure to adequately perform the duties of the office after giving written notice of the basis for the revocation and opportunity to respond."

SECTION 12D.5.(b) This section becomes effective January 1, 2016.

COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 12D.6.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the Community-Focused Eliminating Health Disparities Initiative (CFEHDII) shall be used to provide a maximum of 12 grants-in-aid to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to the health status of white persons. These grants-in-aid shall focus on the use of measures to eliminate or reduce health disparities among minority populations in this State with respect to heart disease, stroke, diabetes, obesity, asthma, HIV/AIDS, cancer, and infant mortality. The Office of Minority Health shall coordinate and implement the grants-in-aid program authorized by this section.

SECTION 12D.6.(b) In implementing the grants-in-aid program authorized by subsection (a) of this section, the Department shall ensure all of the following:

(1) The amount of any grant-in-aid is limited to three hundred thousand dollars ($300,000).

(2) Only community-based organizations, faith-based organizations, local health departments, hospitals, and CCNC networks located in urban and rural areas of the western, eastern, and Piedmont areas of this State are eligible to apply for these grants-in-aid. No more than four grants-in-aid shall be awarded to applicants located in any one of the three areas specified in this subdivision.

(3) Each eligible applicant shall be required to demonstrate substantial participation and involvement with all other categories of eligible applicants, in order to ensure an evidence-based medical home model that will affect change in health and geographic disparities.

(4) Eligible applicants shall select one or more of the following chronic illnesses or conditions specific to the applicant's geographic area as the basis for applying for a grant-in-aid under this section to affect change in the health status of African-Americans, Hispanics/Latinos, or American Indians:

a. Heart Disease.

b. Stroke.

c. Diabetes.

d. Obesity.

e. Asthma.

f. HIV/AIDS.
g. Cancer.

h. Infant Mortality.

(5) The minimum duration of the grant period for any grant-in-aid is one year.

(6) The maximum duration of the grant period for any grant-in-aid is two years.

(7) If approved for a grant-in-aid, the grantee (i) shall not use more than eight percent (8%) of the grant funds for overhead costs and (ii) shall be required at the end of the grant period to demonstrate significant gains in addressing one or more of the health disparity focus areas identified in subsection (a) of this section.

(8) An independent panel with expertise in the delivery of services to minority populations, health disparities, chronic illnesses and conditions, and HIV/AIDS shall conduct the review of applications for grants-in-aid. The Department shall establish the independent panel required by this section.

(9) A portion of the funds appropriated in this act (up to $50,000) may be used to contract with a third-party evaluator to assess the effectiveness and outcomes of CFEHDI and other programs in the Department's Office of Minority Health and Health Disparities during state fiscal years 2012-2013, 2013-2014, and 2014-2015. The evaluation should assess the programs' effectiveness relative to national standards and best practices for state offices of minority health.

SECTION 12D.6.(c) The grants-in-aid awarded under this section shall be awarded in honor of the memory of the following deceased members of the General Assembly: Bernard Allen, Pete Cunningham, John Hall, Robert Holloman, Howard Hunter, Ed Jones, Jeanne Lucas, Vernon Malone, William Martin, and William Wainwright. These funds shall be used for concerted efforts to address large gaps in health status among North Carolinians who are African-American, as well as disparities among other minority populations in North Carolina.

SECTION 12D.6.(d) By April 1, 2016, the Department shall submit a report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the results of its third-party evaluation of CFEHDI and other programs in its Office of Minority Health and Health Disparities. This report shall include assessment of the effectiveness of CFEHDI and other programs, (including their effectiveness relative to national standards and best practices of State offices of minority health), and shall include recommendations for improving their effectiveness in closing the gap in health status of minority populations as compared to the health status of white persons.

SUBPART XII-E. DIVISION OF SOCIAL SERVICES

TANF BENEFIT IMPLEMENTATION

SECTION 12E.1.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2013-2016," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2013, through September 30, 2016. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 12E.1.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2013-2016 , as approved by this section are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.
SECTION 12E.1.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for fiscal year 2013-2016, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2015. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2016.

SECTION 12E.1.(d) For the 2013-2016 fiscal year, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2013-2016 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 12E.1.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2014-2015 fiscal year, or the 2015-2016 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Commission on Governmental Operations, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

CHILD PROTECTIVE SERVICES IMPROVEMENT INITIATIVE

SECTION 12E.2.(a) Findings and Intent. – The General Assembly makes the following findings:

(1) Child Protective Services' policy from the Department of Health and Human Services, Division of Social Services, recommends that the average child protective services caseload be no greater than 10 families at any time for workers performing child protective services assessments and 10 families at any time for staff providing in-home services. However, data suggests that in 43 of the counties in this State, 21 have a caseload size of more than 15 cases per worker; and further, in nine of those 21 counties, there is an average caseload size of more than 20 cases per worker.

(2) During the 2013-2014 fiscal year, county departments of social services lost federal funding for child protective services under the Temporary Assistance for Needy Families (TANF) Block Grant and Title IV-E funding. However, the number of Child Protective Services investigations has grown by twenty percent (20%) from fiscal year 2002 to fiscal year 2012.

(3) There is no current, statewide data available on the performance of county departments of social services regarding child protective services.

(4) There exists the potential for a conflict of interest to arise when a county department of social services has been appointed as guardian for both (i) a child who is the subject of a report of abuse, neglect, or dependency that would be investigated by Child Protective Services and (ii) for the parent or legal guardian of the child.

It is the intent of the General Assembly to (i) reduce caseload size for Child Protective Services' workers to the recommended standard, (ii) provide adequate resources for county departments of social services to provide child protective services for abused, neglected, and dependent children, (iii) provide for a comprehensive evaluation of various functions and funding
regarding child protective services, and (iv) study ways to reduce conflicts of interest regarding
guardianship and child protective services. To that end, the General Assembly supports the
initiatives and the allocation of funds for child welfare services as described in this section.

SECTION 12E.2. (b) Pilot Program. – Funds appropriated in Section 12C.1(c) of
S.L. 2014-100 to the Department of Health and Human Services, Division of Social Services,
that are not expended by June 30, 2015, to establish and implement a child protective services
pilot program shall not revert at the end of the fiscal year but shall remain available until
expended.

The funds shall be used to enhance coordination of services and information among
county departments of social services, local law enforcement agencies, the court system,
guardian ad litem programs, and other agencies as deemed appropriate by the Department. The
Department shall determine the number of sites that may participate in the pilot program and
include regions that are geographically diverse.

The Division shall make a final report of its findings and recommendations on the
pilot program implementation to be coordinated with the Government Data Analytics Center
(GDAC) to the Joint Legislative Oversight Committee on Health and Human Services by the
start of the 2016 Regular Session of the 2015 General Assembly.

SECTION 12E.2. (c) Statewide Evaluation. – Funds appropriated in Section 12C.1
of S.L. 2014-100 to the Department of Health and Human Services, Division of Social
Services, to provide for a comprehensive, statewide evaluation of the State's child protective
services system that are not expended by June 30, 2015, shall not revert at the end of the fiscal
year but shall remain available until expended. The Division of Social Services shall contract
for an independent evaluation of the system, which evaluation shall include developing
recommendations on the following:

(1) The performance of county departments of social services as related to child
protective services.

(2) Caseload sizes.

(3) The administrative structure of the child protective services system in the
State.

(4) Adequacy of funding.

(5) Child protective services' worker turnover.

(6) Monitoring and oversight of county departments of social services.

The Division shall report the findings and recommendations from the evaluation to
the Joint Legislative Oversight Committee on Health and Human Services no later than the
convening of the 2016 Regular Session of the 2015 General Assembly.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND
PERFORMANCE ENHANCEMENTS

SECTION 12E.3. (a) Notwithstanding the provisions of G.S. 143B-150.6, the
Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
children and families in cases of abuse, neglect, and dependency where a child is at imminent
risk of removal from the home and to children and families in cases of abuse where a child is
not at imminent risk of removal. The Program shall be developed and implemented statewide
on a regional basis. The IFPS shall ensure the application of standardized assessment criteria
for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 12E.3. (b) The Department of Health and Human Services shall require
that any program or entity that receives State, federal, or other funding for the purpose of IFPS
shall provide information and data that allows for the following:

(1) An established follow-up system with a minimum of six months of
follow-up services.
(2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.

(3) Cost-benefit data.

(4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.

(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.

(6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 12E.3.(c) The Department shall establish a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

CHILD CARING INSTITUTIONS

SECTION 12E.4. Until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 12E.5. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. The Division of Social Services shall design the Guardianship Assistance Program (GAP) in such a manner that no additional expenses are incurred beyond the funds budgeted for foster care. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1. The Social Services Board shall adopt rules establishing a Guardianship Assistance Program to implement this section, including defining the phrase "legal guardian" as used in this section.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 12E.6.(a) Funds appropriated from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system and special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 12E.6.(b) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars ($50,000) for the 2015-2016 fiscal year and the sum of fifty thousand dollars ($50,000) for the 2016-2017 fiscal year shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 12E.6.(c) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four
General Assembly of North Carolina

hundred ninety-three dollars ($339,493) for the 2015-2016 fiscal year and the sum of three
hundred thirty-nine thousand four hundred ninety-three dollars ($339,493) for the 2016-2017
fiscal year shall be used to contract with an entity to administer the child welfare postsecondary
support program described under subsection (a) of this section, which administration shall
include the performance of case management services.

SECTION 12E.6(d) Funds appropriated to the Department of Health and Human
Services for the child welfare postsecondary support program shall be used only for students
attending public institutions of higher education in this State.

CHILD SUPPORT FEDERAL INCENTIVE FUNDS

SECTION 12E.7.(a) Federal incentives are paid to State IV-D Child Support
Enforcement programs to improve collections through efficient establishment and enforcement
techniques. Incentives payments are linked to performance and shall be reinvested into the
Child Support Enforcement program, supplementing rather than supplanting to meet
performance. Funds received by the North Carolina Child Support Enforcement Program are
appropriated to target areas for program improvement and to maximize the North Carolina's
share of federal incentive dollars.

Beginning July 1, 2015, and annually thereafter, the State Child Support
Enforcement program shall retain fifteen percent (15%) of federal incentive payments to
reinvest into the Child Support Enforcement Services to improve program effectiveness,
efficiency and performance. This may be accomplished through Information Technology (IT)
system modernization and as well as State-level Child Support Enforcement operations. Such
IT modernization projects include, but are not limited to:

(1) Modernize Automated Collection and Tracking System (ACTS).
(2) Update Child Support-specific software, including locate tools, enforcement
strategies, and data analytics, designed to increase child support collections
and improve performance on federal Child Support outcome measures
(paternity establishment, order establishment, current support payments,
arrears support payment and cost effectiveness).
(3) Update Web-based operations and services, such as eChildSupport and the
customer service tracking system, designed to increase child support
collections and improve performance on federal Child Support outcomes
measurers (paternity establishment, order establishment, current support
payments, arrears support payments and cost effectiveness).
(4) Automate and streamline Child Support business processes, including
document generation and archiving solutions.

SECTION 12E.7.(b) The remaining eighty-five percent (85%) of federal incentive
funding received by the Department of Health and Human Services shall be distributed to the
local Child Support Enforcement agencies to reinvest into Child Support Services to improve
program effectiveness, efficiency, and performance.

SECTION 12E.7.(c) The Department shall establish proper budgeting and
accounting to meet all federal and State accountability for the distribution of funds. The
Department shall report on the amount and use of payments by the State and local Child
Support Enforcement programs, and how such payments and funded activities are linked to
performance. The report shall include an accounting of how funds are reinvested into the Child
Support Enforcement program, supplementing rather than supplanting other funds. The
Department shall report this information to the Governor and the General Assembly by
November 1 each year.

CHILD ADVOCACY CENTER FUNDS
SECTION 12E.8. There is appropriated from the federal Social Services Block Grant funds to the Department of Health and Human Services the sum of three hundred seventy-five thousand dollars ($375,000) for the 2015-2015 and 2016-2017 fiscal year for the child advocacy centers. In addition, of the State General Fund appropriations to the Department of Health and Human Services, Division of Social Services:

1. Fifty thousand dollars ($50,000) shall be allocated to the Children's Advocacy Center of North Carolina, Inc., to hire a quality improvement and development coordinator; and

2. Three hundred seventy-five thousand dollars ($375,000) may be used to augment funds to the 30 fully certified child advocacy centers in the State.

SUBPART XII-F. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)

AMEND STATE PLAN AMENDMENT PROCEDURES

SECTION 12F.1. G.S. 108A-54.1A reads as rewritten:

"§ 108A-54.1A. Amendments to Medicaid State Plan and Medicaid Waivers.

(a) No provision in the Medicaid State Plan or in a Medicaid Waiver may expand or otherwise alter the scope or purpose of the Medicaid program from that authorized by law enacted by the General Assembly. For purposes of this section, the term "amendments to the State Plan" includes State Plan amendments, Waivers, and Waiver amendments.

(b) The Department may submit amendments to the State Plan only as required under any of the following circumstances:

1. A law enacted by the General Assembly directs the Department to submit an amendment to the State Plan.

2. A law enacted by the General Assembly makes a change to the Medicaid Program that requires approval by the federal government.

3. A change in federal law, including regulatory law, or a change in the interpretation of federal law by the federal government requires an amendment to the State Plan.

4. A change made by the Department to the Medicaid Program requires an amendment to the State Plan, if the change was within the authority granted to the Department by State law.

5. An amendment to the State Plan is required in response to an order of a court of competent jurisdiction.

6. An amendment to the State Plan is required to ensure continued federal financial participation.

7. An amendment to the State Plan is required to align Medicaid payment rules with Medicare payment rules as long as such alignment maintains budget neutrality or results in cost-savings.

(c) Amendments to the State Plan submitted to the federal government for approval shall contain only those changes that are allowed by the authority for submitting an amendment to the State Plan in subsection (b) of this section.

(d) No fewer than 10 days prior to submitting an amendment to the federal government of an amendment to the State Plan, the Department shall post the amendment on its Web site and notify the members of the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division that the amendment has been posted. This requirement shall not apply to draft or proposed amendments submitted to the federal government for comments but not submitted for approval. The amendment shall remain posted on the Department's Web site at least until the plan has been approved, rejected, or withdrawn.
(4), (5), or (6)-(7) of subsection (b) of this section, then, prior to submitting an amendment to the federal government, the Department shall submit to the General Assembly members receiving notice under this subsection and to the Fiscal Research Division an explanation of the amendment, the need for the amendment, and the federal time limits required for implementation of the amendment.

(e) The Department shall submit an amendment to the State Plan to the federal government by a date sufficient to provide the federal government adequate time to review and approve the amendment so the amendment may be effective by the date required by the directing authority in subsection (b) of this section. Additionally, if a change is made to the Medicaid program by the General Assembly and that change requires an amendment to the State Plan, then the amendment shall be submitted at least 90 days prior to the effective date of the change as provided in the legislation.

(f) Any public notice required under 42 C.F.R. 447.205 shall, in addition to any other posting requirements under federal law, be posted on the Department's Web site. Upon posting such a public notice, the Department shall notify the members of the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division that the public notice has been posted. Public notices shall remain posted on the Department's Web site."

PROVIDER APPLICATION AND RECRECREDENTIALING FEE

SECTION 12F.2. The Department of Health and Human Services, Division of Medical Assistance, shall charge an application fee of one hundred dollars ($100.00), and the amount federally required, to each provider enrolling in the Medicaid Program for the first time. The fee shall be charged to all providers at recredentialing every five years.

MEDICAID ELIGIBILITY; ADJUSTMENT TO HEALTH CHOICE ELIGIBILITY

SECTION 12F.3.(a) Families and children who are categorically and medically needy are eligible for Medicaid, subject to the following annual income levels:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Categorically Needy Income Level</th>
<th>Medically Needy Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$ 4,344</td>
<td>$ 2,900</td>
</tr>
<tr>
<td>2</td>
<td>5,664</td>
<td>3,800</td>
</tr>
<tr>
<td>3</td>
<td>6,528</td>
<td>4,400</td>
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<td>5</td>
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<td>5,200</td>
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<tr>
<td>6</td>
<td>8,376</td>
<td>5,600</td>
</tr>
<tr>
<td>7</td>
<td>8,952</td>
<td>6,000</td>
</tr>
<tr>
<td>8</td>
<td>9,256</td>
<td>6,300</td>
</tr>
</tbody>
</table>

The Department of Health and Human Services shall provide Medicaid coverage to 19- and 20-year-olds under this subsection in accordance with federal rules and regulations. Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 12F.3.(b) For the following Medicaid eligibility classifications for which the federal poverty guidelines are used as income limits for eligibility determinations, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines. The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to the following:

1. All elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines.
(2) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines and without regard to resources. Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy.

(3) Infants under the age of one with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines and without regard to resources.

(4) Children aged one through five with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines and without regard to resources.

(5) Children aged six through 18 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines and without regard to resources.

(6) Workers with disabilities described in G.S. 108A-66A with unearned income equal to or less than one hundred fifty percent (150%) of the federal poverty guidelines.

The Department of Health and Human Services, Division of Medical Assistance, shall also provide family planning services to men and women of childbearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines and without regard to resources.

SECTION 12F.3.(c) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to adoptive children with special or rehabilitative needs, regardless of the adoptive family's income.

SECTION 12F.3.(d) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to "independent foster care adolescents," ages 18, 19, and 20, as defined in section 1905(w)(1) of the Social Security Act (42 U.S.C. § 1396d(w)(1)), without regard to the adolescent's assets, resources, or income levels.

SECTION 12F.3.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to women who need treatment for breast or cervical cancer and who are defined in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).

MODIFICATIONS TO EXISTING COVERED SERVICES AND PAYMENT FOR SERVICES

SECTION 12F.4.(a) Except as otherwise provided in this act, the allowable State plan services, co-pays, reimbursement rates, and fees shall remain the same as those effective June 30, 2015. Except as otherwise provided in this act and to the extent allowable under federal law, the adjustments made in this section apply to both the Medicaid Program and the NC Health Choice program.

SECTION 12F.4.(b) Effective July 1, 2015, any rate methodologies that contain an automatic inflationary or increase factor shall not increase above the rate in effect on June 30, 2015, unless the rate is otherwise increased by the General Assembly. Interim hospital outpatient services' percentage of cost used for payment shall be adjusted to compensate for expected inflation that hospitals would be eligible for, and cost settlement will only be up to the percentage in subsection (e) of this section. The following rates are excluded from this subsection: Federally Qualified Health Centers, Rural Health Centers, critical access hospitals, State-Operated services, Hospice, Part B and D Premiums, third-party and HMO premiums, drugs, and MCO capitation payments.
SECTION 12F.4.(c) Effective November 1, 2015, nominal co-pays for Medicaid are increased to the maximum amount allowed by the Centers for Medicare and Medicaid Services (CMS) as of June 30, 2015.

SECTION 12F.4.(d) Effective July 1, 2015, the following changes are made to allowable State plan services:

   (1) Of the 22 visits allowed per recipient per fiscal year for professional services provided by physicians, nurse practitioners, nurse-midwives, physician assistants, clinics, and health departments, prior authorization is required for visits in excess of 10 within a year. This limitation and prior authorization requirement does not apply to chronic conditions.

   (2) Adult rehabilitation home visits for set-up and training are limited to three within a 12-month period.

SECTION 12F.4.(e) Effective July 1, 2015, the percentage of allowable costs for hospital outpatients is reduced from eighty percent (80%) to seventy percent (70%).

SECTION 12F.4.(f) In order to achieve cost-savings and improve health outcomes, the Department of Health and Human Services, Division of Medical Assistance, may impose prior authorization requirements and other restrictions on medications prescribed to Medicaid and NC Health Choice recipients for the treatment of mental illness, including, but not limited to, prior authorization requirements and restrictions on (i) medications on the Preferred Drug List (PDL) that are prescribed for the treatment of mental illness and (ii) medications for attention deficit hyperactivity disorder (ADHD) or attention deficit disorder (ADD) that are prescribed to juveniles for off-label uses.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 12F.5. The Department of Health and Human Services (Department) shall transfer the sum of one million dollars ($1,000,000) for the 2015-2016 fiscal year and the sum of one million dollars ($1,000,000) for the 2016-2017 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by the OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with the Department for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate the Department’s ability to draw down federal Medicaid funds to support this administrative function. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, the Department shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 12F.6.(a) Receivables reserved at the end of the 2015-2016 and 2016-2017 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years.

SECTION 12F.6.(b) For the 2015-2016 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty-nine million dollars ($139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty-nine million dollars ($139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals which are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of the payments from
the Division of Medical Assistance for uncompensated care. The treatment of any revenue
derived from federal programs shall be in accordance with the requirements specified in the

MEDICAID SPECIAL FUND TRANSFER

SECTION 12F.7. Of the funds transferred to the Department of Health and Human
Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the
Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three
million dollars ($43,000,000) for the 2015-2016 fiscal year and the sum of forty-three million
dollars ($43,000,000) for the 2016-2017 fiscal year. These funds shall be allocated as
prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in
G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall
replace the reduction in general revenue funding effected in this act.

MEDICAID COST CONTAINMENT ACTIVITIES

SECTION 12F.8(a) The Department of Health and Human Services may use up
to five million dollars ($5,000,000) in the 2015-2016 fiscal year and up to five million dollars
($5,000,000) in the 2016-2017 fiscal year in Medicaid funds budgeted for program services to
support the cost of administrative activities when cost-effectiveness and savings are
demonstrated. The funds shall be used to support activities that will contain the cost of the
Medicaid Program, including contracting for services, hiring additional staff, funding pilot
programs, Health Information Exchange and Health Information Technology (HIE/HIT)
administrative activities, or providing grants through the Office of Rural Health and
Community Care to plan, develop, and implement cost-containment programs.

Medicaid cost-containment activities may include prospective reimbursement
methods, incentive-based reimbursement methods, service limits, prior authorization of
services, periodic medical necessity reviews, revised medical necessity criteria, service
provision in the least costly settings, plastic magnetic-stripped Medicaid identification cards for
issuance to Medicaid enrollees, fraud detection software or other fraud detection activities,
technology that improves clinical decision making, credit balance recovery and data mining
services, and other cost-containment activities. Funds may be expended under this section only
after the Office of State Budget and Management has approved a proposal for the expenditure
submitted by the Department. Proposals for expenditure of funds under this section shall
include the cost of implementing the cost-containment activity and documentation of the
amount of savings expected to be realized from the cost-containment activity.

SECTION 12F.8(b) The Department shall report annually on the expenditures
under this section to the House of Representatives Appropriations Subcommittee on Health and
Human Services, the Senate Appropriations Committee on Health and Human Services, and the
Fiscal Research Division. The report shall include the methods used to achieve savings and the
amount saved by these methods. The report is due to the House of Representatives
Appropriations Subcommittee on Health and Human Services, the Senate Appropriations
Committee on Health and Human Services, and the Fiscal Research Division not later than
December 1 of each year for the activities of the previous State fiscal year.

MISCELLANEOUS MEDICAID PROVISIONS

SECTION 12F.9(a) Volume Purchase Plans and Single Source Procurement. –
The Department of Health and Human Services, Division of Medical Assistance, may, subject
to the approval of a change in the State Medicaid Plan, contract for services, medical
equipment, supplies, and appliances by implementation of volume purchase plans, single
source procurement, or other contracting processes in order to improve cost containment.
SECTION 12F.9.(b) Cost Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 12F.9.(c) Posting of Notices on Web Site. – For any public notice of change required pursuant to the provisions of 42 C.F.R. § 447.205, the Department shall, no later than seven business days after the date of publication, publish the same notice on its Web site on the same Web page as it publishes State Plan amendments, and the notice shall remain on the Web site continuously for 90 days.

SECTION 12F.9.(d) Medicaid Identification Cards. – The Department shall issue Medicaid identification cards to recipients on an annual basis with updates as needed.

REINSTATE MEDICAID ANNUAL REPORT

SECTION 12F.10. The Department of Health and Human Services, Division of Medical Assistance, shall publish the Medicaid Annual Report and accompanying tables, which was discontinued after 2008. The Division shall publish the report and tables on its Web site and shall not publish copies in print.

DRUG REIMBURSEMENT USING AVERAGE ACQUISITION COST

SECTION 12F.11.(a) The Department of Health and Human Services, Division of Medical Assistance, shall adopt an average acquisition cost methodology for brand and generic drug ingredient pricing to be effective beginning on July 1, 2015. The drug ingredient pricing methodology shall be consistent with new federal requirements or, if the new federal requirements have not yet been finalized by April 1, 2015, consistent with the draft federal requirements. In adopting a new drug ingredient pricing methodology, the Department shall also do all of the following:

1. Raise dispensing fees so that the average acquisition cost ingredient pricing plus the dispensing fees, net of any drug rebates, generates nine hundred seventy-five thousand dollars ($975,000) in savings in General Fund appropriations.
2. Maintain a distinction between the dispensing fees for preferred and brand drugs.
3. Ensure that ingredient prices are updated at least monthly.

SECTION 12F.11.(b) The Department of Health and Human Services, Division of Medical Assistance, shall follow the procedures in G.S. 108A-54.1A in submitting the State Plan Amendment required to implement this section.

SUBSTITUTION OF GENERIC DRUGS FOR UNAVAILABLE PREFERRED DRUGS

SECTION 12F.12. If the Department of Health and Human Services, Division of Medical Assistance, finds that there are net General Fund savings to the Medicaid program from doing so, then the Division may allow a pharmacist to substitute and dispense a generic drug in place of a preferred drug without prior authorization, subject to all of the following being true:

1. The Division normally requires the dispensing of the preferred drug over the equivalent generic drug.
2. The pharmacist has not been able to acquire the preferred drug from at least two separate wholesalers within the two weeks prior to dispensing the generic substitute.
3. The pharmacist maintains records of the failed attempts to acquire the preferred drug. Such records shall be open to inspection and audit by the Division.
(4) The prescriber has not indicated that the preferred drug is "medically necessary."

(5) The pharmacist notifies the prescriber of the substitution and receives approval from the prescriber for the substitution.

(6) The pharmacist notifies the patient of the substitution and gives the patient the opportunity to accept or refuse the substitution.

For purposes of this section, "savings to the Medicaid program" shall not be limited to savings within the prescription drug service area but shall also include savings in other areas of the program, such as savings associated with eliminating the prior authorization process or savings from instances where missed doses may lead to negative and costly patient outcomes.

MENTAL HEALTH DRUG MANAGEMENT

SECTION 12F.13. Effective January 1, 2015, the Department of Health and Human Services, Division of Medical Assistance, shall make adjustments to the preferred drug list to maximize supplemental rebates, and is authorized to impose controls, including prior authorization, utilization review criteria, and other restrictions.

SECTION 12F.13. (b) No later than October 1, 2015, the Department of Health and Human Services, Division of Medical Assistance, shall report to the Joint Legislative Oversight Committee on Health and Human Services on the Department's fiscal year 2014-2015 savings from making the changes required by S.L. 2014-100, Section 12H.9(b).

ADULT CARE HOME COST REPORTING

SECTION 12F.14. The Department of Health and Human Services shall require compliance with the adult care home cost reporting requirements set forth in G.S. 131D-4.2. The Department shall make available the data collected from the cost reporting in a character-separated values (CSV) plain text format or other file format that may easily be imported into software used for spreadsheets, databases, and data analytics.

MAINTAIN CASE WEIGHTING FACTORS IN EFFECT ON JUNE 30, 2015

SECTION 12F.15. The Department of Health and Human Services shall maintain the diagnosis-related group (DRG) case weighting factors that are in effect on June 30, 2015, for all DRGs for inpatient services payments rendered to Medicaid and NC Health Choice recipients on or after July 1, 2015.

PUBLISH MEDICAID PAYMENTS TO PROVIDERS

SECTION 12F.16. (a) For payments made in the 2015-2017 biennium and for subsequent fiscal years, the Department of Health and Human Services, Division of Medical Assistance, shall publish on its Web site comprehensive information on Medicaid payments made to providers. The information shall be updated annually within three months of the close of a State fiscal year to include payments for that fiscal year. The information published shall include all of the following for each individual providing Medicaid services:

(1) Name of the individual providing the service.

(2) Location of service provider's principal place of business.

(3) Location of provided services, listed with both municipality and county. If an individual provides services in multiple locations, then those shall be specified, and the items in subdivisions (6) through (10) of this subsection shall be provided for each location.

(4) Practice name, hospital name, or other business name with which the individual providing service is affiliated.

(5) Type of service provider and practice area.

(6) Number of Medicaid patients seen.
(7) Number of visits with Medicaid patients.
(8) Number of procedures performed or items furnished for Medicaid patients.
(9) Amount of Medicaid service payments received.
(10) Amount of Medicaid supplemental payments received.
(11) Amount of Medicaid settlement payments received.
(12) Amount of Medicaid recoupments.

The information shall be published in a character-separated values (CSV) plain text format or other file format that may easily be imported into software used for spreadsheets, databases, and data analytics. The Department shall ensure that no protected patient information be published.

SECTION 12F.16.(b) The Department of Health and Human Services, Division of Medical Assistance, shall continue discussions with the UNC School of Public Health or any other appropriate party of an educational or nonprofit nature to perform analytics on the information or to generate an interactive Web site to access the information contained within the data required to be reported under subsection (a) of this section. Such a Web site should be designed to exceed the functionality of South Carolina's HealthViz Medicaid statistics Web site.

MEDICAID DENTAL SERVICE COST SETTLEMENT

SECTION 12F.17.(a) The Department of Health and Human Services, Division of Medical Assistance, shall submit a State Plan Amendment request to the Centers for Medicare and Medicaid to assure that all State-operated dental schools receive the same reimbursement for dental services provided to North Carolina Medicaid beneficiaries.

SECTION 12F.17.(b) The State Plan Amendment submitted in subsection (a) above shall not amend methodology for cost settlement of State-operated dental schools in effect on June 30, 2015.

ASSESSMENTS

SECTION 12F.18 G.S. 108A-122 reads as rewritten:

(a) Assessment Imposed. – Except as provided in this section, the assessments authorized under this Article are imposed as a percentage of total hospital costs on all licensed North Carolina hospitals. The assessments are due quarterly in the time and manner prescribed by the Secretary. Payment of an assessment is considered delinquent if not paid within seven days of the due date. With respect to any past-due assessment, the Department may withhold the unpaid amount from Medicaid payments otherwise due or impose a late-payment penalty. The Secretary may waive a penalty for good cause shown.
(b) Allowable Cost. – An assessment paid under this Article may be included as allowable costs of a hospital for purposes of any applicable Medicaid reimbursement formula; assessments paid under this Article shall be excluded from cost settlement. An assessment imposed under this Article may not be added as a surtax or assessment on a patient's bill.
(c) Full Exemption. – The following hospitals are exempt from both the equity assessment and the UPL assessment:
(1) State-owned and State-operated hospitals.
(2) The primary affiliated teaching hospital for each University of North Carolina medical school.
(3) Critical access hospitals.
(4) Long-term care hospitals.
(5) Freestanding psychiatric hospitals.
(6) Freestanding rehabilitation hospitals."
Partial Exemption. – A public hospital is exempt from the equity assessment.

MISCELLANEOUS HEALTH CHOICE PROVISIONS

SECTION 12F.19. (a) G.S. 108A-70.20 reads as rewritten:

§ 108A-70.20. Program established.

The Health Insurance Program for Children is established. The Program shall be known as North Carolina Health Choice for Children, and it shall be administered by the Department of Health and Human Services in accordance with this Part and as required under Title XXI and related federal rules and regulations. Administration of Program benefits and claims processing shall be as provided under Part 5 of Article 3 of Chapter 135 of the General Statutes, described in 42 C.F.R. § 447.45(d)(1).

SECTION 12F.19. (b) G.S. 108A-70.21 reads as rewritten:

§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; coverage from private plans; purchase of extended coverage.

(i) No Lifetime Maximum Benefit Limit. Benefits provided to an enrollee in the Program shall not be subject to a maximum lifetime limit, but may be subject to lifetime maximum limits set forth in Medicaid and Health Choice medical coverage policies promulgated under G.S. 108A-54.2.

SECTION 12F.19. (c) G.S. 108A-70.27 reads as rewritten:

§ 108A-70.27. Data collection; reporting.

(a) The Department shall ensure that the following data are collected, analyzed, and reported in a manner that will most effectively and expeditiously enable the State to evaluate Program goals, objectives, operations, and health outcomes for children:

1. Number of applicants for coverage under the Program;
2. Number of Program applicants deemed eligible for Medicaid;
3. Number of applicants deemed eligible for the Program, by income level, age, and family size;
4. Number of applicants deemed ineligible for the Program and the basis for eligibility;
5. Number of applications made at county departments of social services, public health departments, and by mail;
6. Total number of children enrolled in the Program to date and for the immediately preceding fiscal year;
7. Number of children enrolled in Medicaid through the Program application process;
8. Trends showing the Program's impact on hospital utilization, immunization rates, and other indicators of quality of care, and cost-effectiveness and efficiency;
9. Trends relating to the health status of children;
10. Other data that would be useful in carrying out the purposes of this Part.

(b) Repealed by Session Laws 2013-360, s. 12A.8(e), effective July 1, 2013.

(c) The Division of Medical Assistance shall provide to the Department data required under this section that are collected by the Plan DMA. Data shall be reported by the Plan DMA in sufficient detail to meet federal reporting requirements under Title XXI. The Plan shall report periodically to the Joint Legislative Oversight Committee on Health and Human Services claims processing data for the Program and any other information the Plan or the Committee deems appropriate and relevant to assist the Committee in its review of the Program.

SECTION 12F.19 (d) G.S. 108A-70.21(g) and (h) are repealed.

HEALTH CHOICE AND TECHNICAL CHANGES
SECTION 12F.20. (a) G.S. 108A-70.18 reads as rewritten:


As used in this Part, unless the context clearly requires otherwise, the term:

(1) "Comprehensive health coverage" means creditable health coverage as defined under Title XXI.

(2) "Family income" has the same meaning as used in determining eligibility for the Medical Assistance Program.

(3) "FPL" or "federal poverty level" means the federal poverty guidelines established by the United States Department of Health and Human Services, as revised each April 1.

(4) "Medical Assistance Program" means the State Medical Assistance Program established under Part 6 of Article 2 of Chapter 108A of the General Statutes.

(4a) "Predecessor Plan" means the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan in effect prior to July 1, 2008.

(5) "Program" means The Health Insurance Program for Children established in this Part.

(6) "State Plan" means the State Child Health Plan for the State Children's Health Insurance Program established under Title XXI.


(8) "Uninsured" means the applicant for Program benefits is not covered under any private or employer-sponsored comprehensive health insurance plan on the date of enrollment.

SECTION 12F.21. (a) G.S. 108A-57 reads as rewritten:

§ 108A-57. Subrogation rights; withholding of information a misdemeanor.

(a) Notwithstanding any other provisions of the law, to the extent of payments under this Part, the State shall be subrogated to all rights of recovery, contractual or otherwise, of the beneficiary of this assistance, or of the beneficiary's personal representative, heirs, or the administrator or executor of the estate, against any person. A personal injury or wrongful death claim brought by a medical assistance beneficiary against a third party shall include a claim for all medical assistance payments for health care items or services furnished to the medical assistance beneficiary as a result of the injury, hereinafter referred to as the "Medicaid claim."

Any personal injury or wrongful death claim brought by a medical assistance beneficiary against a third party that does not state the Medicaid claim shall be deemed to include the Medicaid claim.

(a1) If the amount of the Medicaid claim does not exceed one-third of the medical assistance beneficiary's gross recovery, it is presumed that the gross recovery includes compensation for the full amount of the Medicaid claim. If the amount of the Medicaid claim exceeds one-third of the medical assistance beneficiary's gross recovery, it is presumed that one-third of the gross recovery represents compensation for the Medicaid claim.

(a2) A medical assistance beneficiary may dispute the presumptions established in subsection (a1) of this section by applying to the court in which the medical assistance beneficiary's claim against the third party is pending, or if there is none, then to a court of competent jurisdiction, for a determination of the portion of the beneficiary's gross recovery that represents compensation for the Medicaid claim. An application under this subsection shall be filed with the court and served on the Department pursuant to the Rules of Civil Procedure no later than 30 days after the date that the settlement agreement is executed by all parties and...
if required, approved by the court, or in cases in which judgment has been entered, no later than
30 days after the date of entry of judgment. The court shall hold an evidentiary hearing no
sooner than 30 days after the date the action was filed. All of the following shall apply to the
court’s determination under this subsection:

(1) The medical assistance beneficiary has the burden of proving by clear and
convincing evidence that the portion of the beneficiary’s gross recovery that
represents compensation for the Medicaid claim is less than the portion
presumed under subsection (a1) of this section.

(2) The presumption arising under subsection (a1) of this section is not rebutted
solely by the fact that the medical assistance beneficiary was not able to
recover the full amount of all claims.

(3) If the beneficiary meets its burden of rebutting the presumption arising under
subsection (a1) of this section, then the court shall determine the portion of
the recovery that represents compensation for the Medicaid claim and shall
order the beneficiary to pay the amount so determined to the Department in
accordance with subsection (a5) of this section. In making this
determination, the court may consider any factors that it deems just and
reasonable.

(4) If the beneficiary fails to rebut the presumption arising under subsection (a1)
of this section, then the court shall order the beneficiary to pay the amount
presumed pursuant to subsection (a1) of this section to the Department in
accordance with subsection (a5) of this section.

(a3) Notwithstanding the presumption arising pursuant to subsection (a1) of this section,
the medical assistance beneficiary and the Department may reach an agreement on the portion
of the recovery that represents compensation for the Medicaid claim. If such an agreement is
reached after an application has been filed pursuant to subsection (a2) of this section, a
stipulation of dismissal of the application signed by both parties shall be filed with the court.

(a4) Within 30 days of receipt of the proceeds of a settlement or judgment related to a
claim described in subsection (a) of this section, the medical assistance beneficiary or any
attorney retained by the beneficiary shall notify the Department of the receipt of the proceeds.

(a5) The medical assistance beneficiary or any attorney retained by the beneficiary shall,
out of the proceeds obtained by or on behalf of the beneficiary by settlement with, judgment
against, or otherwise from a third party by reason of injury or death, distribute to the
Department the amount due pursuant to this section as follows: Department, within 30 days of
receipt of the proceeds, the amount of assistance paid by the Department on behalf of or to the
beneficiary, but the amount paid to the Department shall not exceed one-third of the gross
amount obtained or recovered.

(1) If, upon the expiration of the time for filing an application pursuant
subsection (a2) of this section, no application has been filed, then the amount
presumed pursuant to subsection (a1) of this section, as prorated with the
claims of all others having medical subrogation rights or medical liens
against the amount received or recovered, shall be paid to the Department
within 30 days of the beneficiary’s receipt of the proceeds, in the absence of
an agreement pursuant to subsection (a3) of this section.

(2) If an application has been filed pursuant to subsection (a2) of this section
and no agreement has been reached pursuant to subsection (a3) of this
section, then the Department shall be paid as follows:

a. If the beneficiary rebuts the presumption arising under subsection
(a1) of this section, then the amount determined by the court pursuant
to subsection (a2) of this section, as prorated with the claims of all
others having medical subrogation rights or medical liens against the
amount received or recovered, shall be paid to the Department within 30 days of the entry of the court's order.

b. If the beneficiary fails to rebut the presumption arising under subsection (a1) of this section, then the amount presumed pursuant to subsection (a1) of this section, as prorated with the claims of all others having medical subrogation rights or medical liens against the amount received or recovered, shall be paid to the Department within 30 days of the entry of the court's order.

(3) If an agreement has been reached pursuant to subsection (a3) of this section, then the agreed amount, as prorated with the claims of all others having medical subrogation rights or medical liens against the amount received or recovered, shall be paid to the Department within 30 days of the execution of the agreement by the medical assistance beneficiary and the Department.

(a6) The United States and the State of North Carolina shall be entitled to shares in each net recovery by the Department under this section. Their shares shall be promptly paid under this section and their proportionate parts of such sum shall be determined in accordance with the matching formulas in use during the period for which assistance was paid to the recipient.

(b) It is a Class 1 misdemeanor for any person seeking or having obtained assistance under this Part for himself or another to willfully fail to disclose to the county department of social services or its attorney and to the Department the identity of any person or organization against whom the recipient of assistance has a right of recovery, contractual or otherwise.

(c) This section applies to the administration of and claims payments made by the Department of Health and Human Services under the NC Health Choice Program established under Part 8 of this Article.

(d) As required to ensure compliance with this section, the Department may apply to the court in which the medical assistance beneficiary's claim against the third party is pending, or if there is none, then to a court of competent jurisdiction for enforcement of this section.”

SECTION 12F.21.(b) Section 12F.21(a) of this act becomes effective on October 1, 2016, and applies to any proceeds received by the beneficiary or the beneficiary's attorney on or after that date.

PREPAYMENT CLAIMS REVIEW

SECTION 12F.22 G.S. 108C-7 reads as rewritten:

"§ 108C-7. Prepayment claims review.

(a) In order to ensure that claims presented by a provider for payment by the Department meet the requirements of federal and State laws and regulations and medical necessity criteria, a provider may be required to undergo prepayment claims review by the Department. Grounds for being placed on prepayment claims review shall include, but shall not be limited to, receipt by the Department of credible allegations of fraud, identification of aberrant billing practices as a result of investigations or data analysis performed by the Department, the failure of the provider to timely respond to a request for records made by the Department or one of its contractors, or other grounds as defined by the Department in rule.

(b) Providers shall not be entitled to payment prior to claims review by the Department. The Department shall notify the provider in writing of the decision and the process for submitting claims for prepayment claims review no less than 20 calendar days prior to instituting prepayment claims review. The notice shall contain the following:"

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An explanation of the Department’s decision to place the provider on prepayment claims review.

A description of the review process and claims processing times.

A description of the claims subject to prepayment claims review.

A specific list of all supporting documentation that the provider will need to submit contemporaneously with the prepayment review contractor for all claims that will be subject to the prepayment claims review.

The process for submitting claims and supporting documentation.

The standard of evaluation used by the Department to determine when a provider’s claims will no longer be subject to prepayment claims review.

(c) For any claims in which the Department has given prior authorization, prepayment review shall not include review of the medical necessity for the approved services.

(d) The Department shall process all clean claims submitted for prepayment review within 20 calendar days of submission by the provider. Receipt of the supporting documentation for each claim by the prepayment review contractor. If the provider failed to provide any of the specifically requested supporting documentation necessary to process a claim pursuant to this section, the Department shall send to the provider written notification of the lacking or deficient documentation within 15 calendar days of receipt of such claim. The Department shall have an additional 20 days to process a claim upon receipt of the documentation.

(e) The provider shall remain subject to the prepayment claims review process until the provider achieves three consecutive months with a minimum seventy percent (70%) clean claims rate (claim accuracy rate). If the provider does not meet this standard within six months of being placed on prepayment claims review, the Department may implement sanctions, including termination of the applicable Medicaid Administrative Participation Agreement, or continuation of prepayment review for an additional six-month period. The Department shall give adequate advance notice of any modification, suspension, or termination of the Medicaid Administrative Participation Agreement. In no instance shall prepayment claims review continue longer than 12 months. Prepayment claims review shall not continue longer than 12 months continuously, unless the Department has initiated the termination or other sanction of the provider, which the provider has appealed. In that instance, the provider shall remain on prepayment review until a final disposition of the Department’s termination or other sanction of said provider.

(f) Failure of a provider to meet the requirement of at least a seventy percent (70%) clean claims rate (claim accuracy rate) may result in a termination action. Such action shall result in the provider being on the Exclusions Listing from future participation for six months from the date that the termination action becomes final. Should a provider fail prepayment claims review and subsequently request a voluntary termination, termination action will be reflective of this failure to pass prepayment claims review and will exclude the provider from future participation in the North Carolina Medicaid program.

(g) In the event of a provider being taken off prepayment review for any reason, including but not limited to: attaining a seventy percent (70%) clean claims rate for three consecutive months; the expiration of the 12-month time limit; or the termination of said provider, any claims for services performed or incurred during the period of prepayment review shall still be subject to prepayment review no matter when said claims are submitted.

(h) The decision to place or maintain a provider on prepayment claims review does not constitute a contested case under Chapter 150B of the General Statutes. A provider may not appeal or otherwise contest a decision of the Department to place a provider on prepayment review.

(i) Should the provider elect to appeal the Department’s decision to impose sanctions as a result of the prepayment review to the Office of Administrative Hearings, the provider shall have 45 days from the date that the appeal is filed to submit any documentation, records, etc.
which address or challenge the findings of the prepayment review. Documentation which was
not submitted at the time of the initial review shall not be considered for the purpose of
overturning a prior denial, as the clean claims rate is calculated at the time of the review of said
records. In order for prior denial to be overturned, the provider must prove that the
documentation was provided at the time the claim was submitted; was available for review by
the prepayment review contractor; and demonstrates that the particular claim should have been
passed. The Department shall not review, and the Office of Administrative Hearings shall not
admit into evidence, any materials submitted after the 45-day deadline.

(i) Provider Participation Requirements for Prepayment Claims Review:
   (1) Should a provider choose to not submit any claims following placement on
       Prepayment Claims Review, this will result in a claims accuracy rating of
       zero percent (0%) for each month where no billing occurs.
   (2) Documentation submitted to the Department as part of Prepayment Claims
       Review is required to be complete and legible in order to be considered
       during the review process. Before presenting a claim for payment, a provider
       has an affirmative duty to supervise the provision of, be responsible for
       services, products, or procedures claims to have been provided, supervise
       and be responsible for preparation and submission of the claim, and to
       present a true and accurate claim and supporting documentation for services,
       products, or procedures that have actually been furnished to the beneficiary
       by the provider prior to submitting the claim.
   (3) Providers are required to demonstrate competency with medical coverage
       policy as defined in G.S. 108A-54.2(b), administrative rules, and billing
       instructions within DMA medical coverage policies while on Prepayment
       Claims Review. Providers may receive training on DMA medical coverage
       policies, administrative rules, and billing guidelines by contacting the
       Department."

MEDICAID REFORM

SECTION 12F.23(a) Effective July 1, 2015, the Department of Health and Human
Services shall reform the State's Medicaid program from a fee-for-service system into a
patient-centered, provider-led capitation model that provides budget predictability for the
taxpayers of this State while ensuring quality care to those in need.

The new Medicaid program shall be designed to achieve the following goals:
(1) Provide budget predictability.
(2) Slow the rate of cost growth.
(3) Achieve cost-savings through efficient reductions in programmatic costs.
(4) Create more efficient administrative structures.
(5) Improve health outcomes for the State's Medicaid population.
(6) Require provider accountability for budget and program outcomes.

(b) To fulfill the implementation of Medicaid Reform in subsection (a), the
Department is authorized:
   (1) Waivers and SPAs. The Department of Health and Human Services shall
       apply to the Centers for Medicare & Medicaid Services (CMS) for any
       waivers, or State plan amendments as may be necessary to implement and
       secure federal financial participation in the Medicaid transformation required
       by this act.
   (2) Create and adopt administrative rules regulating the participation, payments,
       penalties, and other related aspects of Medicaid reform, subject to the
       requirements outlined in Chapter 150B of the General Statutes.
MEDICAID RESERVE FUND

SECTION 12F.24. There is established in the General Fund a nonreverting Medicaid Reserve Fund. The Office of the State Controller shall reserve from funds available in the General Fund the sum of fifty million dollars ($50,000,000) for 2015-2016 and one hundred twenty-five million dollars ($125,000,000) for 2016-2017 in recurring funds to the Medicaid Reserve Fund. The funds in the Medicaid Reserve shall be used only for budget shortfalls in the Medicaid and/or Health Choice Programs. These funds shall be distributed to the Department upon request to the Office of State Budget and Management and the approval of the State Budget Director.

RETROACTIVE CMS CERTIFICATION OF NCTRAKKS

SECTION 12F.25. Any additional receipts earned from NCTRAKKS operations for the period of July 1, 2013, through June 30, 2015, that are realized as a result of Centers for Medicare and Medicaid certification of the NCTRAKKS system prior to June 30, 2015, shall not revert and be budgeted in the Division of Medical Assistance fiscal year 2015-2016 budget.

OPTION TO CANCEL CONTRACTS

SECTION 12F.26.(a) During the 2015-2017 biennium, the Department of Health and Human Services and the Division of Medical Assistance shall ensure that any Medicaid-related or NC Health Choice-related State contract entered into after the effective date of this section contains a clause that allows the Department or the Division to terminate the contract without cause upon 30 days' notice. Any contract subject to this section that is entered into on or after the effective date of this section but that lacks such a termination clause shall, nonetheless, be deemed to include such a termination clause and shall be cancellable without cause upon 30 days' notice.

SECTION 12F.26.(b) This section is effective when it becomes law.

SUBPART XII-G. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES

REVISES MENTAL HEALTH TRUST FUND

SECTION 12G.1. G.S. 143C-9-2 reads as rewritten:

(a) The Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs is established as an interest-bearing, nonreverting special trust fund in the Office of State Budget and Management. Moneys in the Trust Fund shall be held in trust and used solely to increase community-based services that meet the mental health, developmental disabilities, and substance abuse services needs of the State for individuals with mental illness, developmental disabilities, substance use disorders and traumatic brain injury and enhance the ability of the State to provide a continuum of high-quality services for such individuals. The Trust Fund shall be used to supplement and not to supplant or replace existing State, federal, State, and local funding available to meet the mental health, developmental disabilities, and substance abuse services needs of the State.

The State Treasurer shall hold the Trust Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall be the custodian of the Trust Fund and shall invest its assets in accordance with G.S. 147-69.2 and G.S. 147-69.3. Investment earnings credited to the assets of the Trust Fund shall become part of the Trust Fund. Any balance remaining in the Trust Fund at the end of any fiscal year shall be carried forward in the Trust Fund for the next succeeding fiscal year."
Moneys in the Trust Fund shall be expended only in accordance with subsection (b) of this section and in accordance with limitations and directions enacted by the General Assembly.

(b) The Department of Health and Human Services shall establish a process that assures Trust Fund money is allocated to provide the most benefit in the most efficient manner. Moneys in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs shall be allocated to area programs to be used only to:

1. Provide start-up funds and operating support for programs and services that provide more appropriate and cost-effective community treatment alternatives for individuals currently residing in the State's mental health, developmental disabilities, and substance abuse services institutions transitioning from institutional settings to community settings.
2. Repealed by Session Laws 2007-323, s. 10.49(w1), effective July 1, 2007.
3. Facilitate reform of the mental health, developmental disabilities, and substance abuse services system and expand and enhance treatment and prevention services in these program areas to remove waiting lists and provide appropriate and safe services for clients. Community crisis services, including responses to emergent behavioral health or developmental disability conditions.
4. Provide bridge funding to maintain appropriate client services during transitional periods as a result of facility closings, including departmental restructuring of services. Integrated care models.
5. Repealed by Session Laws 2007-323, s. 10.49(w1), effective July 1, 2007.
6. Use of technology in provision of consumer services and supports.
7. Supported employment services.

(c) Notwithstanding G.S. 143C-1-2, any nonrecurring savings in State appropriations realized from the closure of any State psychiatric hospitals that are in excess of the cost of operating and maintaining a new State psychiatric hospital shall not revert to the General Fund but shall be placed in the Trust Fund and shall be used for the purposes authorized in this section. Notwithstanding G.S. 143C-1-2, recurring savings realized from the closure of any State psychiatric hospitals shall not revert to the General Fund but shall be credited to the Department of Health and Human Services to and shall be used only for the purposes of subsections (b)(1) and (b)(3) authorized in this section.

(d) Beginning July 1, 2007, the Secretary of the Department of Health and Human Services shall report annually to the Fiscal Research Division on the expenditures made during the preceding fiscal year from the Trust Fund. The report shall identify each expenditure by recipient and purpose and indicate the authority under subsection (b) of this section for the expenditure.

PROCEEDS FROM THE SALE OF THE DOROTHEA DIX HOSPITAL PROPERTY

SECTION 12G.2.(a) The proceeds from the sale of the Dorothea Dix Property shall be used to reimburse the General Fund in an amount equal to funding needed to make operational the new Broughton Hospital (sixteen million five hundred ninety-eight thousand five hundred eighty-nine dollars – $16,598,589). The remaining proceeds shall be deposited in the Mental Health Trust Fund to be used for the purposes authorized in G.S. 143C-9-2. Additionally, proceeds may be used for the 2015-2016 fiscal year to initiate community-based mental health, developmental disabilities, and substance abuse services expansion requests as provided in the Governor's Recommended Budget for the 2015-2017 biennium where limited General Fund availability delays funding until the 2016-2017 fiscal year.

SECTION 12G.2.(b) If it is determined that the proceeds from the sale of the Dorothea Dix property shall not be available by March 1, 2016, the Division of Mental Health,
Developmental Disabilities, and Substance Abuse Services may unallocated community services funding in an amount sufficient to initiate NC START so that it would be fully operational by July 1, 2016.

BEHAVIORAL HEALTH CLINICAL INTEGRATION AND PERFORMANCE MONITORING

SECTION 12G.3.(a) The Department of Health and Human Services shall require local management entities, including local management entities that have been approved to operate the 1915(b)/(c) Medicaid Waiver (LME/MCOs), to implement clinical integration activities with Community Care of North Carolina (CCNC) through Total Care, a collaborative initiative designed to improve and minimize the cost of care for patients who suffer from comorbid mental health or substance abuse and primary care or other chronic conditions.

SECTION 12G.3.(b) The Department shall ensure that all LME/MCOs submit Medicaid claims data, including to the extent practical, retrospective claims data to the CCNC Informatics Center and to the Medicaid Management Information System. Upon receipt of this claims data, CCNC shall provide access to clinical data and care management information within the CCNC Informatics Center to LME/MCOs and authorized behavioral health providers to support (i) treatment, quality assessment, and improvement activities or (ii) coordination of appropriate and effective patient care, treatment, or habilitation.

SECTION 12G.3.(c) The Department shall develop quality and performance statistics on the status of mental health, developmental disabilities, and substance abuse services, including, but not limited to, variations in total cost of care, clinical outcomes, and access to and utilization of services. The Department shall consult with the LME/MCOs and CCNC on matters related to integration of primary care and behavioral health measures.

SECTION 12G.3.(d) The Department shall, within available appropriations and as deemed necessary by the Department, expand or alter existing contracts by mutual agreement of all parties to the contract in order to implement the provisions of this section.

SECTION 12G.3.(e) The Department shall submit semiannually a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the progress, outcomes, and savings associated with the implementation of clinical integration activities with CCNC pursuant to this section.

FUNDS FOR THE NORTH CAROLINA CHILD TREATMENT PROGRAM

SECTION 12G.4. Recurring funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2015-2017 fiscal biennium for the North Carolina Child Treatment Program (NC CTP) shall be used for the following purposes:

(1) To provide clinical training and coaching to licensed clinicians on an array of evidence-based treatments and to provide a statewide platform to assure accountability and outcomes.

(2) To maintain and manage a public roster of program graduates, linking high-quality clinicians with children, families, and professionals.

(3) To partner with State, LME/MCO, and private sector leadership to bring effective mental health treatment to children in juvenile justice and mental health facilities.

LME/MCO FUNDS FOR SUBSTANCE ABUSE SERVICES

SECTION 12G.5.(a) LME/MCOs shall use a portion of their allocated funds for substance abuse treatment services to support prevention and education activities at a level at least equivalent to the 2012-2013 fiscal year.
SECTION 12G.5.(b) In providing treatment and services for adult offenders and increasing the number of Treatment Accountability for Safer Communities (TASC) case managers, local management entities shall consult with TASC to improve offender access to substance abuse treatment and match evidence-based interventions to individual needs at each stage of substance abuse treatment. Special emphasis should be placed on intermediate punishment offenders, community punishment offenders at risk for revocation, and Department of Correction releases who have completed substance abuse treatment while in custody.

The Department shall continue to allocate up to three hundred thousand dollars ($300,000) of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to provide substance abuse services for adult offenders and to increase the number of TASC case managers. These funds shall be allocated to TASC before funds are allocated to LMEs for mental health services, substance abuse services, and crisis services. The Department shall allocate an additional one million eight hundred sixty thousand dollars ($1,860,000) to the TASC program from expansion funds appropriated for this purpose in both years of the 2015-2016 and 2016-2017 biennium.

TRAUMATIC BRAIN INJURY

SECTION 12G.6. Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2015-2017 fiscal years, the sum of two million three hundred seventy-three thousand eighty-six dollars ($2,373,086) shall be used exclusively to support traumatic brain injury (TBI) services as follows:

1. The sum of three hundred fifty-nine thousand two hundred eighteen dollars ($359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or other appropriate service providers.

2. The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars ($796,934) shall be used to support residential programs across the State that are specifically designed to serve individuals with TBI.

3. The sum of one million two hundred sixteen thousand nine hundred thirty-four dollars ($1,216,934) shall be used to support requests submitted by individual consumers for assistance with residential support services, home modifications, transportation, and other requests deemed necessary by the consumer's local management entity and primary care physician.

SINGLE STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES

SECTION 12G.7.(a) For the purpose of mitigating cash flow problems that many LME/MCOs experience at the beginning of each fiscal year relative to single stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall distribute not less than one-twelfth of each LME/MCO's continuation allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year.

SECTION 12G.7.(b) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall periodically review and, as deemed necessary by the Department, update the set of standardized covered benefits developed and implemented by the Department pursuant to Section 10.11(b) of S.L. 2011-145 for recipients of LME/MCO community service funds; provided, however, the Department shall not implement any updates that increase the overall cost of these standardized covered benefits.
FUNDS APPROPRIATED TO IMPLEMENT RECOMMENDATIONS OF THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES REGARDING BEHAVIORAL HEALTH CRISIS SERVICES

SECTION 12G.8.(a) The following definitions apply in this section:

1. Facility-based crisis center. – A 24-hour residential facility licensed under 10A NCAC 27G .5000 to provide facility-based crisis service as described in 10A NCAC 27G .5001.

2. Secretary. – The Secretary of the North Carolina Department of Health and Human Services.

3. Behavioral health urgent care center. – An outpatient facility that provides walk-in crisis assessment, referral, and treatment by licensed behavioral health professionals with prescriptive authority to individuals with an urgent or emergent need for mental health, intellectual or developmental disabilities, or substance abuse services.

SECTION 12G.8.(b) New expansion funding appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for community services for the 2015-2017 fiscal years, the Division shall use two million dollars ($2,000,000) in recurring funds to accomplish the following:

1. To add two sites for co-located or operationally linked behavioral health urgent care centers and facility-based crisis centers.

2. To increase the number of facility-based crisis centers designated by the Secretary as facilities for the custody and treatment of involuntary clients pursuant to G.S. 122C-252 and 10A NCAC 26C .0101. The Department shall give priority to areas of the State experiencing a shortage of these types of facilities.

3. To provide training for Emergency Department personnel on crisis intervention strategies and connection to community resources and a statewide marketing campaign will be essential in order to shift users to the newly developed resources.

4. To provide reimbursement for services provided by facility-based crisis centers.

5. To establish facility-based crisis centers for children and adolescents.

FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 12G.9.(a) Use of Funds. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for crisis services, the sum of forty-seven million nine hundred seventy-six thousand six hundred forty-four dollars ($47,976,644) for the 2016-2017 fiscal year shall be used to purchase additional local inpatient psychiatric beds or bed days not currently funded by or though LME/MCOs. An additional nonrecurring amount of two hundred fifty thousand dollars ($250,000) is added to the first year of the biennium for the purpose of funding infrastructure improvements in hospitals which, once improved, may offer increased psychiatric bed capacity in the community. The Department shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level, with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by the Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health,
developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated or otherwise available to the Department for the purchase of inpatient psychiatric services through contracts with local hospitals.

**SECTION 12G.9.(b) Distribution and Management of Beds or Bed Days.** – The Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State in LME/MCO catchment areas and according to need as determined by the Department. The Department shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State in LME catchment areas, including any catchment areas served by managed care organizations, and according to greatest need based on hospital bed utilization data. The Department shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

**SECTION 12G.9.(c) Funds to be Held in Statewide Reserve.** – Funds appropriated to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to the Department within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from the Department.

**SECTION 12G.9.(d) Ineffective LME/MCO Management of Beds or Bed Days.** – If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of this section, the Department may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

**SUBPART XII-H. DIVISION OF HEALTH SERVICES REGULATION**

**MORATORIUM ON SPECIAL CARE UNIT LICENSES**

**SECTION 12H.1.** For the period beginning July 31, 2013 and ending June 30, 2016, the Department of Health and Human Services, Division of Health Service Regulation (Department), shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This prohibition shall not restrict the Department from doing any of the following:

1. Issuing a license to a facility that is acquiring an existing special care unit.
2. Issuing a license for a special care unit in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to this type of care is necessary in that area during the three-year moratorium imposed by this section.
3. Processing all completed moratorium applications for special care unit licenses received by the Division of Health Service Regulation along with the applicable license fee prior to June 1, 2013.
Issuing a license to a facility that was in possession of a certificate of need as of July 31, 2013, that included authorization to operate special care unit beds.

HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT REVISIONS

SECTION 12H.2. G.S. 131E-214.13 reads as rewritten:

"§ 131E-214.13. Disclosure of prices for most frequently reported DRGs, CPTs, and HCPCSs.

(a) The following definitions apply in this Article:

(1) Ambulatory surgical facility. – A facility licensed under Part 4 of Article 6 of this Chapter.
(2) Commission. – The North Carolina Medical Care Commission.
(3) Health insurer. – An entity that writes a health benefit plan and is one of the following:
   a. An insurance company under Article 3 of Chapter 58 of the General Statutes.
   c. A health maintenance organization under Article 67 of Chapter 58 of the General Statutes.
   d. A third-party administrator of one or more group health plans, as defined in section 607(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. § 1167(1)).
(4) Hospital. – A medical care facility licensed under Article 5 of this Chapter or under Article 2 of Chapter 122C of the General Statutes.
(5) Public or private third party. – Includes the State, the federal government, employers, health insurers, third-party administrators, and managed care organizations.

(b) Beginning with the quarter ending June 30, 2014, the reporting period ending September 30, 2015, and quarterly annually thereafter, each hospital shall provide to the Department of Health and Human Services, utilizing electronic health records software, the following information about the 100 most frequently reported admissions by DRG for inpatients as established by the Department:

   (1) The amount that will be charged to a patient for each DRG if all charges are paid in full without a public or private third party paying for any portion of the charges.
   (2) The average negotiated settlement on the amount that will be charged to a patient required to be provided in subdivision (1) of this subsection.
   (3) The amount of Medicaid reimbursement for each DRG, including claims and pro rata supplemental payments.
   (4) The amount of Medicare reimbursement for each DRG.
   (5) For each of the five largest health insurers providing payment to the hospital on behalf of insureds and teachers and State employees, the range and the average of the amount of payment made for each DRG. Prior to providing this information to the Department, each hospital shall redact the names of the health insurers and any other information that would otherwise identify the health insurers.

A hospital shall not be required to report the information required by this subsection for any of the 100 most frequently reported admissions where the reporting of that information reasonably could lead to the identification of the person or persons admitted to the hospital in
violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other federal law.

c) The Commission shall adopt rules on or before January 1, 2015, March 1, 2016, to ensure that subsection (b) of this section is properly implemented and that hospitals report this information to the Department in a uniform manner. The rules shall include all of the following:

1. The method by which the Department shall determine the 100 most frequently reported DRGs for inpatients for which hospitals must provide the data set out in subsection (b) of this section.
2. Specific categories by which hospitals shall be grouped for the purpose of disclosing this information to the public on the Department's Internet Website.

d) Beginning with the quarter ending September 30, 2014, reporting period ending September 30, 2015, and quarterly annually thereafter, each hospital and ambulatory surgical facility shall provide to the Department, utilizing electronic health records software, information on the total costs for the 20 most common surgical procedures and the 20 most common imaging procedures, by volume, performed in hospital outpatient settings or in ambulatory surgical facilities, along with the related CPT and HCPCS codes. Hospitals and ambulatory surgical facilities shall report this information in the same manner as required by subdivisions (b)(1) through (5) of this section, provided that hospitals and ambulatory surgical facilities shall not be required to report the information required by this subsection where the reporting of that information reasonably could lead to the identification of the person or persons admitted to the hospital in violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other federal law.

e) The Commission shall adopt rules on or before January 1, 2015, March 1, 2016, to ensure that subsection (d) of this section is properly implemented and that hospitals and ambulatory surgical facilities report this information to the Department in a uniform manner. The rules shall include the method by which the Department shall determine the 20 most common surgical procedures and the 20 most common imaging procedures for which the hospitals and ambulatory surgical facilities must provide the data set out in subsection (d) of this section.

(e1) The Commission shall adopt rules to establish and define no fewer than 10 quality measures for licensed hospitals and licensed ambulatory surgical facilities identical to those established by the Joint Commission for each of the following:

1. Primary cesarean section rate, uncomplicated (TJC PC-02)
2. Early elective delivery rate (TJC PC-01)
3. C. difficile infection SIR (NHSN)
4. Multidrug resistant organisms (NHSN)
5. Surgical site infection SRI for colon surgeries (NHSN)
6. Post op sepsis rate (PSI13)
7. Thrombolytic therapy for acute ischemic stroke patients (STK-4)
8. Stroke education (STK-8)
9. Venous thrombolism prophylaxis (VTE-1)
10. Venous thrombolism discharge instructions (VTE-5)

(f) Upon request of a patient for a particular DRG, imaging procedure, or surgery procedure reported in this section, a hospital or ambulatory surgical facility shall provide the information required by subsection (b) or subsection (d) of this section to the patient in writing, either electronically or by mail, within three business days after receiving the request.

g) G.S. 150B-21.3 does not apply to rules adopted under subsections (c) and (e) of this section. A rule adopted under subsections (c) and (e) of this section becomes effective on the
last day of the month following the month in which the rule is approved by the Rules Review Commission.

(h) The Commission shall determine criteria for licensed hospitals and licensed ambulatory surgical facilities that may be exempted from the reporting requirements of subsections (b) and (d) of this section.

(i) A fine of five hundred dollars ($500.00) shall be imposed on the licensed hospital or licensed ambulatory surgical facility for each instance of failure to report as required."

SUBPART XII-I. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 12I.1.(a) Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2017, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS

<table>
<thead>
<tr>
<th>Local Program Expenditures</th>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of Social Services</td>
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<tr>
<td>01. Work First Family Assistance</td>
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<tr>
<td>02. Work First County Block Grants</td>
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<td>78,073,437</td>
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<tr>
<td>03. Work First Electing Counties</td>
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<td>04. Adoption Services – Special Children Adoption Fund</td>
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<td>05. Child Protective Services – Child Welfare Workers for Local DSS</td>
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<td>06. Child Welfare Collaborative</td>
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<td>Division of Child Development</td>
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<tr>
<td>07. Subsidized Child Care Program</td>
<td>33,312,340</td>
<td>33,312,340</td>
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<tr>
<td>08. Swap Child Care Subsidy</td>
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<td>09. Pre –K Swap</td>
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<td>Division of Public Health</td>
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<td>10. Teen Pregnancy Initiatives</td>
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<td>DHHS Administration</td>
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<td>11. Division of Social Services</td>
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<td>12.</td>
<td>Office of the Secretary</td>
<td>34,042</td>
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<td>14.</td>
<td>NC FAST Development</td>
<td>1,313,384</td>
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<td></td>
<td><strong>Transfers to Other Block Grants</strong></td>
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<td>15.</td>
<td>Division of Child Development</td>
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<td>16.</td>
<td>Transfer to the Child Care and Development Fund</td>
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<td>17.</td>
<td>Division of Social Services</td>
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<tr>
<td>18.</td>
<td>Transfer to Social Services Block</td>
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<td>19.</td>
<td>Grant for Child Protective Services – Child Welfare Training in Counties</td>
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<td>20.</td>
<td>Transfer to Social Services Block</td>
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<td>21.</td>
<td>Grant for County Departments of Social Services for Children's Services</td>
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<td>22.</td>
<td>Transfer to SSBG – Foster Care Services</td>
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<td>23.</td>
<td><strong>TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS</strong></td>
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<td>24.</td>
<td><strong>TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS</strong></td>
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<tr>
<td>25.</td>
<td>Local Program Expenditures</td>
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<tr>
<td>26.</td>
<td>Division of Child Development and Early Education</td>
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<td>27.</td>
<td>Subsidized Child Care</td>
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<td>28.</td>
<td><strong>TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS</strong></td>
<td>$28,600,000</td>
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SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

<p>| | | | |</p>
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<td>Child Protective Services</td>
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<td>(Transfer from TANF)</td>
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Division of Central Management and Support

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Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

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<td>Mental Health Services – Adult and Child/Developmental Disabilities Program/</td>
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<td>Program</td>
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<td>Session 2015</td>
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<td>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</td>
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<td>Local Program Expenditures</td>
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<td>Division of Child Development</td>
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<td>02. Electronic Tracking System</td>
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**TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

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**MENTAL HEALTH SERVICES BLOCK GRANT**

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<th>Local Program Expenditures</th>
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**TOTAL MENTAL HEALTH SERVICES BLOCK GRANT**

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**SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

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|                      | $loit Total Matal Health Servic...
## Local Program Expenditures

### Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

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<td>03. Substance Abuse – HIV and IV Drug</td>
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<tr>
<td>08. Crisis Solutions Initiatives – Veterans’ Crisis</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>09. Administration</td>
<td>454,000</td>
<td>454,000</td>
</tr>
</tbody>
</table>

### Division of Public Health

| 10. HIV Testing for Individuals in Substance         | 765,949     | 765,949     |

### TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

| $45,184,839 |

### PREVENTIVE HEALTH SERVICES BLOCK GRANT

<table>
<thead>
<tr>
<th>Local Program Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Physical Activity and Prevention</td>
</tr>
<tr>
<td>02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DHHS Program Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>03. HIV/STD Prevention and Community Planning</td>
</tr>
<tr>
<td>04.</td>
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<td>05.</td>
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<td>06.</td>
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<td>10.</td>
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<td>11.</td>
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</tbody>
</table>

**TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT**  
$8,548,836  
$4,943,388

| 12. | DHHS Administration |  |
| 13. |  |
| 14. |  |
| 15. |  |
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| 39. |  |
| 40. |  |

**COMMUNITY SERVICES BLOCK GRANT**

| 33. | Community Action Agencies | $24,047,065 | $24,047,065 |
| 34. | Limited Purpose Agencies | 1,335,948 | 1,335,948 |
| 35. | Office of Economic Opportunity | 1,335,948 | 1,335,948 |

**TOTAL COMMUNITY SERVICES BLOCK GRANT**  
$26,718,961  
$26,718,961

| 36. | DHHS Administration |  |
| 37. |  |
| 38. |  |
| 39. |  |
| 40. |  |

**MATERNAL AND CHILD HEALTH BLOCK GRANT**

| 41. | Children's Health Services (Safe Sleep Campaign) |  |
| 42. | Division of Public Health |  |
| 43. |  |
| 44. |  |
| 45. |  |
| 46. |  |
| 47. |  |
| 48. |  |
| 49. |  |
| 50. |  |
| 51. |  |
General Assembly of North Carolina

Session 2015

$45,000; Prevent Blindness $560,837) $ 7,574,703 $ 7,574,703

02. Women's Health
  (March of Dimes $350,000; Teen Pregnancy
  Prevention Initiatives $650,000; Perinatal
  Quality Collaborative $350,000;
  17P Project $52,000; Carolina Pregnancy
  Care Fellowship $300,000;
  Nurse-Family Partnership $509,018) 8,095,148 8,095,148

03. Oral Health 44,901 44,901

DHHS Program Expenditures

Division of Public Health

04. Children's Health Services 1,342,928 1,342,928

05. Women's Health – Maternal Health 107,714 107,714

06. State Center for Health Statistics 158,583 158,583

07. Health Promotion – Injury and Violence Prevention 87,271 87,271

DHHS Administration

Division of Public Health

08. Division of Public Health Administration 552,571 552,571

TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT $ 17,963,819 $ 17,963,819

GENERAL PROVISIONS

SECTION 12I.1.(b) Information to be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.

(2) A delineation of the proposed State and local administrative expenditures.

(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

(5) A projection of current year expenditures by program or activity.

(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 12I.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency
funds and other grants related to existing Block Grants administered by the Department of 
Health and Human Services from the amounts appropriated in this section, the Department 
shall allocate the increase proportionally across the program and activity appropriations 
identified for that Block Grant in this section. In allocating an increase in federal fund 
availability, the Office of State Budget and Management shall not approve funding for new 
programs or activities not appropriated in this section.

If the Congress of the United States decreases the federal fund availability for any of 
the Block Grants or contingency funds and other grants related to existing Block Grants 
administered by the Department of Health and Human Services from the amounts appropriated 
in this section, the Department shall develop a plan to adjust the block grants based on reduced 
federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2015-2016 and 
2016-2017, increases in the federal fund availability for the Temporary Assistance to Needy 
Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy 
program to pay for child care in four- or five-star rated facilities for four-year-old children and 
shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation 
must be approved by the Office of State Budget and Management. If the Department adjusts the 
allocation of any Block Grant due to changes in federal fund availability, then a report shall be 
made to the Joint Legislative Oversight Committee on Health and Human Services, the Joint 
Legislative Commission on Governmental Operations, and the Fiscal Research Division.

SECTION 12I.1.(d) Except as otherwise provided, appropriations from federal 
Block Grant funds are made for each year of the fiscal biennium ending June 30, 2017, 
according to the schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a 
ewn schedule is enacted by the General Assembly.

SECTION 12I.1.(e) All changes to the budgeted allocations to the Block Grants or 
contingency funds and other grants related to existing Block Grants administered by the 
Department of Health and Human Services that are not specifically addressed in this section 
shall be approved by the Office of State Budget and Management, and the Office of State 
Budget and Management shall consult with the Joint Legislative Commission on Governmental 
Operations for review prior to implementing the changes. The report shall include an itemized 
listing of affected programs, including associated changes in budgeted allocations. All changes 
to the budgeted allocations to the Block Grants shall be reported immediately to the Joint 
Legislative Oversight Committee on Health and Human Services and the Fiscal Research 
Division. This subsection does not apply to Block Grant changes caused by legislative salary 
increases and benefit adjustments.

SECTION 12I.1.(e1) Except as otherwise provided, the Department of Health and 
Human Services shall have flexibility to transfer funding between the Temporary Assistance to 
Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block 
Grant so long as the total allocation for the line items within those block grants remains the 
same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 12I.1.(f) The sum of eighty million ninety-three thousand five hundred 
sixty-six dollars ($80,093,566) for fiscal year 2015-2016 and seventy-eight million 
seventy-three thousand four hundred thirty-seven dollars ($78,073,437) for fiscal year 
2016-2017 are appropriated in this section in TANF funds to the Department of Health and 
Human Services, Division of Social Services shall be used for Work First County Block 
Grants. The Division shall certify these funds in the appropriate State-level services based on 
prior year actual expenditures. The Division has the authority to realign the authorized budget 
for these funds among the State-level services based on current year actual expenditures.
SECTION 12I.1.(g) The sum of two million four hundred eighty-two thousand two hundred sixty dollars ($2,482,260) appropriated in this section in TANF funds to the Department of Health and Human Services, Division of Social Services, for each year of the 2015-2017 fiscal biennium shall be used to support administration of TANF-funded programs.

SECTION 12I.1.(h) The sum of nine million four hundred twelve thousand three hundred ninety-one dollars ($9,412,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in TANF funds for each year of the 2015-2017 fiscal biennium for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2015-2016 and 2016-2017 shall not be less than the total expended from State and local funds for the 2014-2015 fiscal year.

SECTION 12I.1.(i) The sum of two million twenty-six thousand eight hundred seventy-seven dollars ($2,026,877) appropriated in this section in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, for each year of the 2015-2017 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 12I.1.(j) The sum of six hundred thirty-two thousand four hundred sixteen dollars ($632,416) appropriated in this section to the Department of Health and Human Services in TANF funds for each year of the 2015-2017 fiscal biennium shall be used to continue support for the Child Welfare Collaborative.

SOCIAL SERVICES BLOCK GRANT

SECTION 12I.1.(k) The sum of twenty-seven million three hundred thirty-five thousand three hundred fifteen dollars ($27,335,315) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2015-2016 fiscal year and the sum of twenty-seven million one hundred eight thousand three hundred twenty-four dollars ($27,108,324) appropriated in this section in the Social Services Block Grant for the 2016-2017 fiscal year shall be used for county block grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures.

SECTION 12I.1.(l) The sum of one million three hundred thousand dollars ($1,300,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each year of the 2015-2017 fiscal biennium shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Provide training for residential child caring facilities.
(3) Provide for various other child welfare training initiatives.
SECTION 12I.1.(m) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

SECTION 12I.1.(n) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund will require a fifty percent (50%) local match.

SECTION 12I.1.(o) The sum of five million forty thousand dollars ($5,040,000) appropriated in this section in the Social Services Block Grant for each year of the 2015-2017 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county government to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 12I.1.(p) The sum of three million eight hundred fifty-two thousand dollars ($3,852,500) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 12A.2 of this act for each year of the 2015-2017 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 12I.1.(q) The sum of three hundred seventy-five thousand dollars ($375,000) appropriated in this section in the Social Services Block Grant for each year of the 2015-2017 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers and are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 12I.1.(r) The sum of three million nine hundred seventy-eight thousand dollars ($3,978,360) appropriated in this section in the Social Services Block Grant for each year of the 2015-2017 fiscal biennium to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds appropriated in this section to support (i) existing corporate guardianship contracts during the 2015-2016 and 2016-2017 fiscal years and (ii) guardianship contracts transferred to the State from local management entities or managed care organizations during the 2015-2016 and 2016-2017 fiscal years.

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 12I.1.(s) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 12I.1.(t) The amount appropriated for the Low-Income Energy Assistance Program (LIEAP) for the 2015-2017 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used for energy assistance payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty
percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

1. Ensure that eligible households are made aware of the available assistance with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.

2. Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.

3. Be approved by the local board of social services or human services board prior to submission.

SECTION 12I.1.(u) Service funds obligated with a documented encumbrance on or before the last day of a State fiscal year and consistent with the approved block grant allocations to the Department of Environment and Natural Resources (NCDENR) may be rebudgeted in the next State fiscal year, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. The obligations must be liquidated and a final invoice for these expenditures must be received by the Department of Health and Human Services Division of Social Services by August 30 of the same calendar year. The Department of Health and Human Services will report to the Joint Legislative Oversight Committee on Health and Human Services a report by December 1 of each year on any actions taken under this section.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 12I.1.(v) Payment for subsidized child care services, shall make a report to the Joint Legislative Oversight Committee on Health and Human Services by December 1 of each year on any actions taken under this section.

SECTION 12I.1.(w) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully. The Department may realign the estimated amounts budgeted for local subsidized child care services support and child care services based upon final availability of subsidized child care funding when allocating funding to counties.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 12I.1.(x) The sum of two hundred fifty thousand dollars ($250,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2015-2016 and 2016-2017 fiscal years shall be allocated to the Department of Administration, Division of Veterans Affairs, to establish a call-in center to assist veterans in locating service benefits and crisis services. The call-in center shall be staffed by certified veteran peers within the Division of Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 12I.1.(y) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193
(42 U.S.C. § 710), for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 12I.1.(z) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

ANIMAL WELFARE PROGRAM AND SPAY AND NEUTER PROGRAM


PART XIV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SEDIMENTATION FEES

SECTION 14.1. G.S. 113A-54.2(a) reads as rewritten:

"§ 113A-54.2. Approval Fees.
   (a) An application and compliance fee of sixty-five dollars ($65.00) ninety dollars ($90.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project shall be charged for the review of an erosion and sedimentation control plan and compliance activities under this Article, effective immediately upon enactment of this section. The fee shall subsequently increase the following year to an amount determined by the Department based upon program need but not to exceed one hundred seventy dollars ($170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project. Effective on the third anniversary of the enactment of this section, the fee shall be set at one hundred seventy dollars ($170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project to be charged for the review of an erosion and sedimentation control plan and compliance activities under this Article.
   ...."

COAL ASH UTILITY REGULATORY FEE

SECTION 14.2.(a) G.S. 62-302.1(b) reads as rewritten:

"(b) Rate. – The combustion residuals surface impoundment fee shall be three hundredths of one percent (0.03%) thirty-five thousandths of one percent (0.035%) of the North Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues" has the same meaning as in G.S. 62-302."

SECTION 14.2.(b) Up to 25 receipt-supported positions are created in the Department of Environment and Natural Resources to carry out the duties in Part 2I of Article 9 of Chapter 130A of the General Statutes. There is appropriated from the Coal Combustion Residuals Management Fund the sum of two million one hundred forty-seven thousand dollars
($2,147,000) to the Department of Environment and Natural Resources to support the positions for the 2015-2016 fiscal year.

**SECTION 14.2.(c)** Subsection (a) of this section becomes effective July 1, 2015, and expires April 1, 2030, and applies to jurisdictional revenues earned on or after July 1, 2015, and before April 1, 2030.

**IMPROVE FINANCIAL MANAGEMENT OF ENVIRONMENTAL STEWARDSHIP FUNDS THROUGH CONSERVATION GRANT FUND**

**SECTION 14.3.** G.S. 147-69.2(d) reads as rewritten:

"(d) The State Treasurer may invest funds deposited pursuant to subdivision (a)(17i) subdivisions (a)(17i) and (a)(17j) of this section in any of the investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars ($100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation pursuant to this subsection. Funds deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation Easement Endowment Fund or the Conservation Grant Fund, and interest or other investment income earned thereon shall be prorated and credited to the North Carolina Conservation Easement Endowment Fund or the Conservation Grant Fund on the basis of the amounts thereof contributed, figured according to sound accounting principles."

**ALLOW REVENUE GENERATED FROM TIMBER SALE TO BE RETAINED IN A NONREVERTING ACCOUNT FOR A PERIOD OF FIVE YEARS**

**SECTION 14.4.** The DENR Stewardship Program will retain revenue generated from a timber harvest on the Great Coharie property for the purpose of restoration and stewardship of that property. This revenue will be placed in the Conservation Grant Endowment Interest Fund (6705) and any unused portion of that specific revenue will revert back to the general fund at the end of fiscal year 2019-2020.

**PART XV. DEPARTMENT OF COMMERCE**

**BASE REALIGNMENT AND CLOSURE (BRAC)**

**SECTION 15.1.** Funds appropriated to the North Carolina Department of Commerce for the 2013-2014 fiscal year that are unexpended and unencumbered as of June 30, 2015, shall not revert to the General Fund on June 30, 2015, but shall remain available to the newly created Department of Military and Veterans Affairs in the State's preparation for Department of Defense BRAC activities.

**EMPLOYMENT SECURITY RESERVE FUND**

**SECTION 15.2.** There is appropriated from the Employment Security Reserve Fund to the Department of Commerce, Division of Employment Security, the amount needed for the 2015-2016 fiscal year to fund the interest payment due to the federal government for the debt owed to the U.S. Treasury for unemployment benefits.

**ONE NORTH CAROLINA FUND**

**SECTION 15.3.** Of the funds appropriated in this act to the One North Carolina Fund for the 2015-2017 biennium, the Department of Commerce may use up to two hundred fifty thousand dollars ($250,000) in each year of the biennium to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs. The Department of Commerce shall not use more than two hundred fifty thousand dollars ($250,000) for administrative costs in any one fiscal year.
CHALLENGE GRANT FOR STUDY OF FUTURE USE OF BROUGHTON HOSPITAL

SECTION 15.4. Funds appropriated to the North Carolina Department of Commerce in Section 15.20(a) of S.L. 2014-100 for the 2014-2015 fiscal year that are unexpended and unencumbered as of June 30, 2015, shall not revert to the General Fund on June 30, 2015, but shall remain available to the department to be used for the State’s study of the future use of Broughton Hospital facilities.

ECONOMIC DEVELOPMENT PARTNERSHIP OF NORTH CAROLINA (EDPNC)

SECTION 15.5. G.S. 143B-431.01(b) reads as rewritten:

"(b) Contract. – The Department of Commerce is authorized to contract with a North Carolina nonprofit corporation to perform one or more of the Department’s functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. The contract entered into pursuant to this section between the Department and the Economic Development Partnership of North Carolina is exempt from Articles 3 and 3C of Chapter 143 of the General Statutes. – Statutes and Part 3 of Article 6 of Chapter 143C of the General Statutes. If the Department contracts with a North Carolina nonprofit corporation to promote and grow the travel and tourism industries, then all funds appropriated to the Department for tourism marketing purposes shall be used for a research-based, comprehensive marketing program directed toward consumers in key markets most likely to travel to North Carolina and not for ancillary activities, such as statewide branding and business development marketing.

The Department may not contract with a North Carolina nonprofit corporation regarding any of the following:

(1) The obligation or commitment of funds under this Article, such as the One North Carolina Fund, the Job Development Investment Grant Program, the Industrial Development Fund, or the Job Maintenance and Capital Development Fund.

(2) The Division of Employment Security, including the administration of unemployment insurance.

(3) The functions set forth in G.S. 143B-431(a)(2).

(4) The administration of funds or grants received from the federal government or its agencies."

NER BLOCK GRANTS/2016 AND 2017 PROGRAM YEARS

SECTION 15.6.(a) Appropriations from federal Block Grant funds are made for the fiscal years ending June 30, 2016, and June 30, 2017, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration $1,375,000

02. Economic Development $15,948,525

03. Infrastructure $26,176,475

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2016 Program Year $43,500,000

2017 Program Year $43,500,000

SECTION 15.6.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.
SECTION 15.6.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 15.6.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million three hundred seventy-five thousand dollars ($1,375,000) may be used for State Administration; up to fifteen million nine hundred forty-eight thousand five hundred twenty-five dollars ($15,948,525) may be used for Economic Development; and up to twenty-six million one hundred seventy-six thousand four hundred seventy-five dollars ($26,176,475) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 15.6.(e) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

(1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made; the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

SECTION 15.6.(f) By September 1, 2015, and September 1, 2016, the Economic Analysis and Planning Unit, Rural Economic Development Division, Department of Commerce, shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

(1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.

(2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.

(3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

SECTION 15.6.(g) For purposes of this section, eligible activities under the category of Infrastructure in subsection (a) of this section shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure."
Notwithstanding any State law or rule, eligible activities as defined in this subsection are limited only by applicable HUD regulations and federal law.

USE OF DEOBLIGATED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS AND SURPLUS FEDERAL ADMINISTRATIVE FUNDS

SECTION 15.7. The CDBG program generates deobligated funds from various funding categories and program years throughout each year. Deobligated funds are generated when projects come in under budget, when projects are cancelled completely and when projects are required to repay funds. Surplus administrative funds may vary from year to year based upon the amount of State appropriated funds allocated and the amount of eligible in-kind funds identified. The Department of Commerce recommends the following strategy with regard to the allocation of deobligated funds and any surplus federal administrative funds:

(1) All surplus administrative funds shall be equally divided between the Department of Commerce and DENR, to be used in accordance with the provisions below.

(2) All deobligated funds under the administration of the Department of Commerce, as well as any surplus administrative funds pursuant to subdivision (1), above, may be used by the Department of Commerce as follows:
   a. To issue grants in the economic development program category;
   b. For existing CDBG programs that encounter cost overruns;
   c. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements; and
   d. For any other purpose consistent with its administration of the CDBG program as long as an equal amount of State matching funds are available.

(3) All deobligated funds allocated to DENR, as well as any surplus administrative funds pursuant to subdivision (1), above, may be used by DENR as follows:
   a. To issue grants in the infrastructure program category;
   b. For existing CDBG programs that encounter cost overruns; and
   c. For any other purpose consistent with its administration of the CDBG program as long as an equal amount of State matching funds are available.

The implementation of the strategy above will enable Commerce and DENR to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the program year.

CHANGES TO WORKFORCE DEVELOPMENT BOARD

SECTION 15.8. (a) G.S. 143B-438.10 reads as rewritten:

"§ 143B-438.10. Commission on Workforce Development.NCWorks Commission.

(a) Creation and Duties. – There is created within the Department of Commerce the North Carolina Commission on Workforce Development. The Commission shall have the following powers and duties:

(1) To develop strategies to produce a skilled, competitive workforce that meets the needs of the State's changing economy.

(2) To advise the Governor, the General Assembly, State and local agencies, and the business sector regarding policies and programs to enhance the State's workforce by submitting annually a comprehensive report on workforce development initiatives in the State."
(3) To coordinate and develop strategies for cooperation between the academic, governmental, and business sectors.

(4) To establish, develop, and provide ongoing oversight of the "One-Stop Delivery System" for employment and training services in the State.

(5) To develop a unified State plan for workforce training and development.

(6) To review and evaluate the plans and programs of agencies, boards, and organizations operating federally funded or State-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination.

(7) To develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State. The Commission shall assess and report on the performance of workforce development programs administered by the Department of Commerce, the Department of Health and Human Services, the Community Colleges System Office, the Department of Administration, and the Department of Public Instruction in a manner that addresses at least all of the following:
   a. Actual performance and costs of State and local workforce development programs.
   b. Expected performance levels for State and local workforce development programs based on attainment of program goals and objectives.
   c. Program outcomes, levels of employer participation, and satisfaction with employment and training services.
   d. Information already tracked through the common follow-up information management system created pursuant to G.S. 96-32, such as demographics, program enrollment, and program completion.

(7a) To issue annual reports that, at a minimum, include the information listed in sub-subdivisions a. through d. of subdivision (7) of this section on the performance of workforce development programs administered by the entities listed in that subdivision. The first annual report shall be delivered to the General Assembly by January 15, 2014.

(8) To submit to the Governor and to the General Assembly by April 1, 2000, and biennially thereafter, a comprehensive Workforce Development Plan that shall include at least the following:
   a. Goals and objectives for the biennium.
   b. An assessment of current workforce programs and policies.
   c. An assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers.
   d. Recommendations for policy, program, or funding changes.

(9) To serve as the State's Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998, Workforce Innovation and Opportunity Act of 2014.

(10) To take the lead role in developing the memorandum of understanding for workforce development programs with the Department of Commerce, the Department of Health and Human Services, the Community Colleges System Office, and the Department of Administration. The memorandum of understanding must be reviewed at least every five years.

(11) To coordinate the activities of workforce development work groups formed under this Part.

(12) To collaborate with the Department of Commerce on the common follow-up information management system.
(13) To develop performance accountability measures for local workforce development boards consistent with the requirements of section 116 of the Workforce Innovation and Opportunity Act of 2014, and to recommend to the Governor sanctions against local workforce development boards that fail to meet such performance accountability measures.

(14) To develop fiscal control and fund accounting procedures for local workforce development boards consistent with the requirements of section 184 of the Workforce Innovation and Opportunity Act of 2014, and to recommend to the Governor sanctions against local workforce development boards that fail to meet such fiscal control and fund accounting procedures.

(b) Membership; Terms. – Effective January 1, 2013, the Commission on Workforce Development shall consist of 25-29 members appointed as follows:

(1) By virtue of their offices, the following department and agency heads or their respective designees individuals shall serve on the Commission: the Secretary of the Department of Administration, the Secretary of the Department of Health and Human Services, the Superintendent of Public Instruction, the President of the Community Colleges System Office, the Commissioner of the Department of Labor, and the Secretary of the Department of Commerce:

a. The Governor;
b. The Secretary of the Department of Administration;
c. The Secretary of the Department of Commerce;
d. The Secretary of the Department of Health and Human Services;
e. The Superintendent of Public Instruction;
f. The President of the Community Colleges System Office; and
g. The President of the UNC System.

(2) In accordance with section 101 of the Workforce Innovation and Opportunity Act of 2014, the Governor shall appoint 19-22 members as follows:

a. Two members representing public, postsecondary, and vocational education.
b. Sixteen members representing business and industry;
c. One member representing community-based organizations.
d. Six members representing the labor and workforce in the State.
e. Three members representing labor.
f. Thirteen members representing business and industry.

(3) The terms of the members appointed by the Governor shall be for four years.

(b1) Terms. – The members shall serve staggered terms of office of four years. At the expiration of each member’s term, the appointing authority shall reappoint or replace the member with a new member of like qualification as specified in subsection (b) of this section.

(b2) Vacancies. – In the event of a vacancy arising otherwise than by expiration of term, the appointing authority shall appoint a successor of like qualification as specified in subsection (b) of this section who shall then serve the remainder of the predecessor’s term.

(c) Appointment of Chair; Meetings. – The Governor shall appoint the Chair of the Commission from among the business and industry members, and that person shall serve at the pleasure of the Governor. The Commission shall meet at least quarterly upon the call of the Chair.

(d) Staff; Funding. – The clerical and professional staff to the Commission shall be provided by the Department of Commerce. Funding for the Commission shall derive from State and federal resources as allowable and from the partner agencies to the Commission. Members of the Commission shall receive necessary travel and subsistence in accordance with State law.
(e) Agency Cooperation; Reporting. – Each State agency, department, institution, local political subdivision of the State, and any other State-supported entity identified by or subject to review by the Commission in carrying out its duties under subdivision (6) of subsection (a) of this section must participate fully in the development of performance measures for workforce development programs and shall provide to the Commission all data and information available to or within the agency or entity’s possession that is requested by the Commission for its review. Further, each agency or entity required to report information and data to the Commission under this section shall maintain true and accurate records of the information and data requested by the Commission. The records shall be open to the Commission’s inspection and copying at reasonable times and as often as necessary.

(f) Confidentiality. – At the request of the Commission, each agency or entity subject to this section shall provide it with sworn or unsworn reports with respect to persons employed or trained by the agency or entity, as deemed necessary by the Commission to carry out its duties pursuant to this section. The information obtained from an agency or entity pursuant to this subsection (i) is not a public record subject to the provisions of Chapter 132 of the General Statutes and (ii) shall be held by the Commission as confidential, unless it is released in a manner that protects the identity and privacy of individual persons and employers referenced in the information.

(g) Advisory Work Group. – The Commission shall appoint an Advisory Work Group composed of representatives from the State and local entities engaged in workforce development activities to assist the Commission with the development of performance measures.”

SECTION 15.8.(b) Transition of Membership of the Commission. –

(a) Except as otherwise provided in this section, the terms of all members of the Commission shall expire when this act becomes law. A new Commission of 29 members shall be appointed in the manner provided by G.S. 143B-438.10(b), as enacted by Section 1 of this act and this section. Members appointed in the manner provided by G.S. 143B-438.10(b), as enacted by Section 1 of this act, shall be appointed no later than June 30, 2015.

(b) Five of the members of the Commission whose qualifications are described by sub-subdivision (2)a. of G.S. 143B-438.10(b), and two of the members of the Commission whose qualifications are described by sub-subdivision (2)b. of G.S. 143B-438.10(b), as enacted by Section 1 of this act, shall be appointed for an initial term of one year and subsequent appointments shall be for four-year terms thereafter. Five of the members of the Commission whose qualifications are described by sub-subdivision (2)a. of G.S. 143B-438.10(b), and two of the members of the Commission whose qualifications are described by sub-subdivision (2)b. of G.S. 143B-438.10(b), as enacted by Section 1 of this act, shall be appointed for an initial term of two years and subsequent appointments shall be for four-year terms thereafter. Six of the members of the Commission whose qualifications are described by sub-subdivision (2)a. of G.S. 143B-438.10(b), and two of the members of the Commission whose qualifications are described by sub-subdivision (2)b. of G.S. 143B-438.10(b), as enacted by Section 1 of this act, shall be appointed for an initial term of one year and subsequent appointments shall be for four-year terms thereafter. Members of the Commission whose qualifications are described by subdivision (1) of G.S. 143B-438.10(b), as enacted by Section 1 of this act, shall be appointed for initial terms of four years. Initial terms shall expire on June 30 of the year of expiration.

“§ 143B-438.11. Local Workforce Development Boards.

(a) Duties. – Local Workforce Development Boards shall have the following powers and duties:

(1) To develop policy and act as the governing body for local workforce development.
(2) To provide planning, oversight, and evaluation of local workforce development programs, including the local One-Stop Delivery System.

(3) To provide advice regarding workforce policy and programs to local elected officials, employers, education and employment training agencies, and citizens.

(4) To develop a local plan in coordination with the appropriate community partners to address the workforce development needs of the service area.

(5) To develop linkages with economic development efforts and activities in the service area and promote cooperation and coordination among public organizations, education agencies, and private businesses.

(6) To review local agency plans and grant applications for workforce development programs for coordination and achievement of local goals and needs.

(7) To serve as the Workforce Investment Board for the designated substate area for the purpose of the federal Workforce Investment Act of 1998, Workforce Innovation and Opportunity Act of 2014.

(7a) To designate through a competitive selection process, by no later than July 1, 2014, the providers of adult and dislocated worker services authorized in the Workforce Investment Act of 1998, Workforce Innovation and Opportunity Act of 2014.

(8) To provide the appropriate guidance and information to consumers to ensure that they are prepared and positioned to make informed choices in selecting a training provider. Each local Workforce Development Board shall ensure that consumer choice is properly maintained in the one-stop centers and that consumers are provided the full array of public and private training provider information.

(9) To provide coordinated regional workforce development planning and labor market data sharing.

(10) To comply with the performance accountability measures established by the NCWorks Commission in accordance with section 116 of the Workforce Innovation and Opportunity Act of 2014.

(11) To comply with the fiscal control and fund accounting procedures established by the NCWorks Commission in accordance with section 184 of the Workforce Innovation and Opportunity Act of 2014.

(b) Members. – Members of local Workforce Development Boards shall be appointed by local elected officials in accordance with criteria established by the Governor and with provisions of the federal Workforce Investment Act, Workforce Innovation and Opportunity Act. The local Workforce Development Boards shall have a majority of business members and shall also include representation of workforce and education providers, labor organizations, community-based organizations, and economic development boards as determined by local elected officials. The Chairs of the local Workforce Development Boards shall be selected from among the business members.

(c) Assistance. – The North Carolina Commission on Workforce Development and the Department of Commerce shall provide programmatic, technical, and other assistance to any local Workforce Development Board that realigns its service area with the boundaries of a local regional council of governments established pursuant to G.S. 160A-470.”

SECTION 15.8.(d) Modification of References. – The Revisor of Statutes shall delete any references in the General Statutes to the "North Carolina Commission on Workforce Development" (or any derivatives thereof) and substitute references to the "NCWorks..."
Commission" (or the appropriate derivative thereof) to effectuate the renaming set forth in this section wherever conforming changes are necessary.

SECTION 15.8.(e) Modification of References. – The Revisor of Statutes shall delete any references in the General Statutes to the "Department of Commerce, Division of Employment and Training" (or any derivatives thereof) and substitute references to the "Department of Commerce, Division of Workforce Solutions" (or the appropriate derivative thereof) to effectuate the renaming set forth in this section wherever conforming changes are necessary.

SECTION 15.8.(f) Modification of References. – The Revisor of Statutes shall delete any references in the General Statutes to the "Workforce Investment Act" or "WIA" (or any derivatives thereof) and substitute references to the "Workforce Innovation and Opportunity Act" or "WIOA" (or the appropriate derivative thereof) to effectuate the renaming set forth in this section wherever conforming changes are necessary.

SECTION 15.8.(g) This section is effective when this act becomes law.

INDUSTRIAL COMMISSION USE OF IT FUNDS

SECTION 15.9. For the 2015-2016 fiscal year and the 2016-2017 fiscal year, the Industrial Commission, in consultation with the State Chief Information Officer, may use available funds in Budget Code 24611 (fund 2200) to maintain its Consolidated Case Management System (CCMS), including, but not limited to, related service contracts and information technology personnel.

PART XV-A. DEPARTMENT OF MILITARY AFFAIRS ESTABLISHED

ESTABLISH DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

SECTION 15A.1.(a) G.S. 143B-6 reads as rewritten:

"§ 143B-6. Principal departments.
In addition to the principal departments enumerated in the Executive Organization Act of 1971, all executive and administrative powers, duties, and functions not including those of the General Assembly and its agencies, the General Court of Justice and the administrative agencies created pursuant to Article IV of the Constitution of North Carolina, and higher education previously vested by law in the several State agencies, are vested in the following principal departments:
(1) Department of Cultural Resources.
(2) Department of Health and Human Services.
(3) Department of Revenue.
(4) Department of Public Safety.
(6) Department of Environment and Natural Resources.
(7) Department of Transportation.
(8) Department of Administration.
(9) Department of Commerce.
(10) Community Colleges System Office.
(12) Department of Military and Veterans' Affairs."

SECTION 15A.1.(b) G.S. 126-5 reads as rewritten:

"§ 126-5. Employees subject to Chapter; exemptions.
... (d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this Chapter, which is known as the North Carolina Human Resources Act, the
Governor may designate a total of 1,500 exempt positions throughout the following departments and offices:

a. Department of Administration.
b. Department of Commerce.
d. Department of Public Safety.
e. Department of Cultural Resources.
f. Department of Health and Human Services.
g. Department of Environment and Natural Resources.
h. Department of Revenue.
i. Department of Transportation.
k. Office of Information Technology Services.
l. Office of State Budget and Management.
m. Office of State Human Resources.
n. Department of Military and Veterans' Affairs."

SECTION 15A.1.(c) Chapter 143B of the General Statutes is amended by adding new Article to read:

"Article 5A.

"Department of Military and Veterans' Affairs.

§ 143B-256.1. Organization.
  (a) There is established the Department of Military and Veterans' Affairs. The head of the Department of Military and Veterans' Affairs is the Secretary of Military and Veterans' Affairs, who shall be known as the Secretary.
  (b) The powers and duties of the deputy secretaries, directors, and the division of the Department shall be subject to the direction and control of the Secretary of Military and Veterans' Affairs.
  (c) The Department of Administration will provide business operations and administrative support to the Department of Military and Veterans' Affairs in the areas of human resources, budget and fiscal management, and purchasing and procurement.
  (d) The State Chief Information Officer and Office of Information Technology Services shall provide information technology support to the Department of Military and Veterans' Affairs.
  (e) Notwithstanding G.S. 143C-6-4, the Department may be staffed through the transfer of funds, functions, positions or employees from other agencies that were previously conducting military- or veteran-related services.

§ 143B-256.2. Powers and Duties of the Department of Military and Veterans' Affairs.
  It shall be the duty of the Department of Military and Veterans' Affairs to do all of the following:
  (1) Provide active outreach to the U.S. Department of Defense and the U.S. Department of Homeland Security and their associated establishments in North Carolina in order to support the military installations and activities in the State and to continue to enhance their ability to train, deploy, and improve the quality of life for their service members.
  (2) Promote the industrial and economic development of localities included in or adjacent to U.S. government military and national defense activities and those of the State.
Provide technical assistance and coordination between the State, its political subdivisions, and the U.S. military and national defense activities within the State of North Carolina.

Award grants to local governments, State and federal agencies, and private entities at the direction of the Secretary. The number of grants awarded and the level of funding of each grant for each fiscal year shall be contingent upon and determined by funds appropriated for that purpose by the General Assembly.

Provide active outreach to the U.S. Department of Veterans Affairs, the veterans service organizations and the veterans community in North Carolina to support and assist North Carolina's veterans in identifying and obtaining the services, assistance, and support to which they are entitled.

Monitor and enhance efforts to provide assistance and support for veterans living in North Carolina and members of the North Carolina National Guard and North Carolina residents in the Armed Forces Reserves not in active federal service in the areas of (i) medical care, (ii) mental health and rehabilitative services, (iii) housing, (iv) homelessness prevention, (v) job creation, and (vi) education.

Seek and receive monies from any source, including federal funds, gifts, grants and devises which shall be expended for the purposes designated in this Article.

Monitor efforts to provide services to veterans, newly separating service members and their immediate family members, to include the dissemination of relevant materials and the rendering of technical or other advice.

Provide active outreach, coordination, formal training and standards, and official certification to localities of the State and veterans support organizations in the development, implementation, and review of local veterans services programs as part of the State program.

Work with veterans services organizations and counterparts in other states to monitor and encourage the timely and accurate processing of veterans' benefit requests by the U.S. Department of Veterans Affairs, including requests for service connected to health care, mental health care, and disability payments.

Manage and maintain the State's veterans nursing homes and cemeteries and their associated assets to the standard befitting those who have worn the uniform of the military services according to federal guidelines. Plan for expansion and grow the capacity of these facilities and or new facilities as required pending the availability of designated funds.

Manage and maintain the State's Scholarships for Children of Wartime Veterans in accordance with Article 4 of Chapter 165 of the General Statutes and in support of the Veterans Affairs Commission.

Provide administrative, organizational and funding support to the NC Military Affairs Commission and the Governor's Working Group for Veterans.

§ 143B-256.3. Powers and Duties of the Secretary.

The Secretary of Military and Veterans’ Affairs shall have the powers and duties as are conferred on the Secretary by this Article, delegated to the Secretary by the Governor, and conferred on the Secretary by the Constitution and laws of this State. These powers and duties include the following:

Serve as the Governor's liaison and provide active outreach to the U.S. Department of Defense and the U.S. Department of Homeland Security and
their associated establishments in North Carolina to support the installations and activities in North Carolina in order to enhance North Carolina's current military-friendly environment and foster and promote business, technology, transportation, education, economic development and other efforts in support of the mission, execution, and transformation of the U.S. government military and national defense activities located in the State.

(2) Promote the industrial and economic development of localities included in or adjacent to United States government military and national defense activities and those of the state of North Carolina because the success of such activities depends on cooperation between the localities, the State, and the U.S. military and national defense activities.

(3) Appoint all employees, including consultants and legal counsel, necessary to carry out the powers and duties of the office. These employees shall be subject to the North Carolina Human Resources Act, except that employees in positions designated as exempt under G.S. 126-5(d)(1) are not subject to the Act, in accordance with the provisions of that section.

(4) Accept gifts, bequests, devises, grants, matching funds, and other considerations from private or governmental sources for use in promoting the work of the Department of Military and Veterans' Affairs.

(5) Provide the necessary supervision and organization in awarding grants to local governments, State and federal agencies, and private entities.

(6) Serve as the Governor's liaison for veterans affairs to the U.S. Department of Veterans Affairs, the veterans service organizations and the veterans community in North Carolina in order to support and assist North Carolina's veterans in identifying and obtaining the services, assistance and support to which they are entitled. Support the development, implementation and review of local veterans services programs as part of the State program.

(7) Work with veterans services organizations and counterparts in other states to monitor and encourage the timely and accurate processing of veterans benefit requests by the U.S. Department of Veterans Affairs, including requests for services connected to health care, mental health care, and disability payments.

(8) Work with federal officials to obtain additional federal resources and coordinate veterans policy development and information exchange.

(9) Work with the appropriate heads of the principal departments to coordinate working relationships between State agencies and take all actions necessary to ensure that available federal and State resources are directed toward assisting veterans and addressing all issues of mutual concern to the State and the Armed Forces of the United States, including, but not limited to, quality of life issues unique to North Carolina's military personnel and their families, the quality of educational opportunities for military children, the future of federal impact aid, preparedness, public safety and security concerns, transportation needs, alcoholic beverage law enforcement, substance abuse, social service needs, possible expansion and growth of military facilities in the State and intergovernmental support agreements with state and local governments.

(10) Educate the public on veterans and defense issues in coordination with applicable State agencies.

(11) Rule making. – The Secretary is authorized to adopt rules and procedures for the implementation of this section.
SECTION 15A.1.(d) The Veterans' Affairs Commission of the Department of Administration is hereby transferred to the Department of Military and Veterans' Affairs. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 15A.1.(e) The Governor's Jobs for Veterans Committee of the Department of Administration is hereby transferred to the Department of Military and Veterans' Affairs. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 15A.1.(f) The North Carolina Department of Administration, Division of Veterans Affairs, is hereby transferred to the Department of Military and Veterans' Affairs. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 15A.1.(g) The North Carolina Military Affairs Commission established within the Office of the Governor is hereby transferred to the Department of Military and Veterans' Affairs. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 15A.1.(h) G.S. 127C-2(h) reads as rewritten:

"§ 127C-2(h). Membership.

The initial meeting of the Commission shall be within 30 days of the effective date of this act at a time and place to be determined by the Secretary of Commerce the Department of Military and Veterans' Affairs. The first order of business at the initial meeting of the Commission shall be the adoption of bylaws and establishment of committees, after which the Commission shall meet upon the call of the Chairman or the Military Advisor within the Office of the Governor, Secretary of the Department of Military and Veterans' Affairs. The members shall receive no compensation for attendance at meetings, except a per diem expense reimbursement. Members of the Commission who are not officers or employees of the State shall receive reimbursement for subsistence and travel expenses at rates set out in G.S. 138-5 from funds made available to the Commission. Members of the Commission who are officers or employees of the State shall be reimbursed for travel and subsistence at the rates set out in G.S. 138-6 from NC General Statutes – Chapter 127C-5 funds made available to the Commission. The Department of Commerce Military and Veterans' Affairs use funds within its budget for the per diem, subsistence, and travel expenses authorized by this subsection."

SECTION 15A.1.(i) G.S. 127C-3 reads as rewritten:

"§ 127C-3. Military Advisor Secretary of the Department of Military and Veterans' Affairs.

The Military Advisor within the Office of the Governor, Secretary of the Department of Military and Veterans' Affairs shall serve as the administrative head of the Commission and be responsible for the operations and normal business activities of the Commission, with oversight by the Commission."

SECTION 15A.1.(j) G.S. 165-20(3) reads as rewritten:

"§ 165-20. Definitions.

As used in this Article the terms defined in this section shall have the following meaning:

... "Child"  means a person: (i) under 25 years of age at the time of application for a scholarship, (ii) who is a domiciliary of North Carolina and is a resident of North Carolina when applying for a scholarship, (iii) who has completed high school or its equivalent prior to receipt of a scholarship awarded under this Article, (iv) who has complied with the requirements of the Selective Service System, if applicable, and (v) who further meets one of the following requirements:

a. A person whose veteran parent was a legal resident of North Carolina at the time of said veteran's entrance into that period of service in the
Armed Forces during which eligibility is established under G.S. 165-22.

b. A veteran's child who was born in North Carolina and has been a resident of North Carolina continuously since birth. Provided, that the requirement in the preceding sentence as to birth in North Carolina may be waived by the Department of Administration Military and Veterans' Affairs if it is shown to the satisfaction of the Department that the child's mother was a native-born resident of North Carolina and was such resident at the time of her marriage to the veteran and was outside the State temporarily at the time of the child's birth, following which the child was returned to North Carolina within a reasonable period of time where said child has since lived continuously.

c. A person meeting either of the requirements set forth in subdivision (3) a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years."

SECTION 15A.1 (k) G.S. 165-22(2) reads as rewritten:

"(2) Class I-B: Under this class a limited scholarship providing only those benefits set forth in G.S. 165-21(1)a and d and 165-21(2) of this Article, shall be awarded to any child whose veteran parent, at the time the benefits pursuant to this Article are sought to be availed of, is or was at the time of his death receiving compensation for a wartime service-connected disability of one hundred percent (100%) as rated by the United States Department of Veterans Affairs. Provided, that if the veteran parent of a recipient under this class should die of his wartime service-connected condition before the recipient shall have utilized all of his scholarship eligibility time, then the North Carolina Department of Administration shall amend the recipient's award from Class I-B to Class I-A for the remainder of the recipient's eligibility time. The effective date of such an amended award shall be determined by the Department of Administration Military and Veterans' Affairs, but, in no event shall it predate the date of the veteran parent's death."

SECTION 15A.1 (l) G.S. 165-22.1 reads as rewritten:

"§ 165-22.1. Administration and funding.

(a) The administration of the scholarship program shall be vested in the Department of Administration Military and Veterans' Affairs, and the disbursing and accounting activities required shall be a responsibility of the Department of Administration Military and Veterans' Affairs. The Veterans Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients, establish the effective date of scholarships, and may suspend or revoke scholarships if the said Veterans Affairs Commission finds that the recipient does not comply with the registration requirements of the Selective Service System or does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The Department of Administration Military and Veterans' Affairs shall maintain the primary and necessary records, and the Veterans Affairs Commission shall promulgate such rules and regulations not inconsistent with the other provisions of this Article as it deems necessary for the orderly administration of the program. It may require of State or private educational institutions, as defined in this Article, such reports and other information as it may need to carry out the provisions of this Article. The Department of Administration Military and Veterans' Affairs shall disburse scholarship payments for
recipients certified eligible by the Department of Administration—Military and Veterans’ Affairs upon certification of enrollment by the enrolling institution.

(b) Funds for the support of this program shall be appropriated to the Department of Administration—Military and Veterans’ Affairs as a reserve for payment of the allocable costs for room, board, tuition, and other charges, and shall be placed in a separate budget code from which disbursements shall be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of this State who are enrolled in public institutions of higher education of this State. In the event the said appropriation for any year is insufficient to pay the full amounts allocable under the provisions of this Article, such supplemental sums as may be necessary shall be allocated from the Contingency and Emergency Fund. The method of disbursing and accounting for funds allocated for payments under the provisions of this section shall be in accordance with those standards and procedures prescribed by the Director of the Budget, pursuant to the Executive Budget Act.

(c) Allowances for room and board in State educational institutions shall be at such rate as established by the Secretary of the Department of Administration—Military and Veterans’ Affairs.

(d) Scholarship recipients electing to attend a private educational institution shall be granted a monetary allowance for each term or other academic period attended under their respective scholarship awards. All recipients under Class I-B scholarship shall receive an allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course or institution. The amount of said allowances shall be determined by the Director of the Budget and made known prior to the beginning of each fall quarter or semester; provided that the Director of the Budget may change the allowances at intermediate periods when in his judgment such changes are necessary. Disbursements by the State shall be to the private institution concerned, for credit to the account of each recipient attending said institution. The manner of payment to any private institution shall be as prescribed by the Department of Administration—Military and Veterans’ Affairs. The participation by any private institution in the program shall be subject to the applicable provisions of this Article and to examination by State auditors of the accounts of scholarship recipients attending or having attended private institutions. The Veterans Affairs Commission may defer making an award or may suspend an award in any private institution which does not comply with the provisions of this Article relating to said institutions.

(e) Irrespective of other provisions of this Article, the Veterans Affairs Commission may prescribe special procedures for adjusting the accounts of scholarship recipients who for reasons of illness, physical inability to attend class or for other valid reason satisfactory to the Veterans Affairs Commission may withdraw from State or private educational institutions prior to the completion of the term, semester, quarter or other academic period being attended at the time of withdrawal. Such procedures may include, but shall not be limited to, paying the recipient the dollar value of his unused entitlements for the academic period being attended, with a corresponding deduction of this period from his remaining scholarship eligibility time."

LAND CONSERVATION PROTECTING THE MILITARY MISSION IN NORTH CAROLINA

SECTION 15A.2.(a) There is established a grant program dedicated to conserve land around military installations, or military training and related areas. The grant program will be administered by the Department of Military and Veterans Affairs.

SECTION 15A.2.(b) A Committee comprised of the Director of the Office of State Budget and Management, Executive Director of the Clean Water Management Trust Fund, Director NC Agricultural Development & Farmland Preservation Trust Fund, Chair of the NC
Military Affairs Commission, and Secretary of the Department of Military and Veterans Affairs will review and approve grants associated with the funds appropriated to the Department under this program.

SECTION 15A.2.(c). This section becomes effective July 1, 2015.

PART XVI. DEPARTMENT OF PUBLIC SAFETY

SUBPART XVI-A. GENERAL PROVISIONS

WORKERS' COMPENSATION REGULAR SALARY DEFINITION

SECTION 16A.1. G.S. 143-166.14 reads as rewritten:

"§ 143-166.14. Payment of salary notwithstanding incapacity; Workers' Compensation Act applicable after two years; duration of payment.

The salary of any eligible person shall be paid as long as the person's employment in that position continues, notwithstanding the person's total or partial incapacity to perform any duties to which the person may be lawfully assigned, if that incapacity is the result of an injury or injuries proximately caused by the heightened risk and special hazards directly related to the violent nature of resulting from or arising out of an episode of violence, resistance, or due to other special hazards which occur while the eligible person is performing official duties, except if that incapacity continues for more than two years from its inception, the person shall, during the further continuance of that incapacity, be subject to the provisions of Chapter 97 of the General Statutes pertaining to workers' compensation. The time period for which an eligible person receives benefits pursuant to this section shall be deducted from the eligible person's total eligibility for benefits pursuant to G.S. 97-29 and G.S. 97-30. For purposes of this section, the term salary shall be defined as the "total base pay" of the person reflected on the person's salary statement and shall not include overtime pay, shift differential pay, holiday pay or other additional earnings to which the person may have been entitled prior to such incapacity. Salary paid to an eligible person pursuant to this Article shall cease upon the resumption of the person's regularly assigned duties, retirement, resignation, or death, whichever first occurs, except that temporary return to duty shall not prohibit payment of salary for a subsequent period of incapacity which can be shown to be directly related to the original injury."

VETERANS' COURTS

SECTION 16A.2. The Governor's Crime Commission is directed to proactively engage local officials to support development of additional veterans' courts during the FY 2015-2017 biennium. The Commission shall also ensure that existing and new veterans' courts are operating efficiently and effectively by encouraging collaboration among existing courts regarding best practices and providing technical assistance to communities that establish new veterans' courts.

GRANT MATCHING FUNDS

SECTION 16A.3. Notwithstanding the provisions of G.S. 143C-6-9, the Department of Public Safety may use up to the sum of one million two hundred thousand dollars ($1,200,000) during the 2015-2016 fiscal year and up to the sum of one million two hundred thousand dollars ($1,200,000) during the 2016-2017 fiscal year from funds available to the Department to provide the State match needed in order to receive grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the House of Representatives Subcommittee on Justice and Public Safety, the Chairs of the Senate Appropriations Committee on Justice and Public Safety, and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.
USE OF CLOSED FACILITIES

SECTION 16A.4. In conjunction with the closing of prison facilities, youth detention centers, and youth development centers, the Department of Public Safety shall obtain an appraisal on each property and submit the appraisals to OSBM, consult with the county or municipality in which the facility is located, with the elected State and local officials, and with State and federal agencies about the possibility of converting that facility to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the facility to other use. In developing a proposal for future use of each facility, the Department shall give priority to converting the facility to other criminal justice use. Consistent with existing law and the future needs of the Department of Public Safety, the State may provide for the transfer or the lease of any of these facilities to counties, municipalities, State agencies, federal agencies, or private firms wishing to convert them to other use. The Department of Public Safety may also consider converting some of the facilities recommended for closing from one security custody level to another, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

In addition, the Department of Public Safety may use available funds to reopen and convert closed facilities for use as treatment and behavior modification facilities for offenders serving a period of confinement in response to violation pursuant to G.S. 15A-1344(d2).

SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT

SBI/ALE REGIONAL OFFICE CONSOLIDATION

SECTION 16B.1. S.L. 2014-100 reads as rewritten:

"SECTION 17.1.(aaaa) The Department of Public Safety shall consolidate ALE and SBI Regions and Regional Offices. The Asheville Regional Office shall be operational July 1, 2015, upon completion of new facility. All other Regional Offices shall be operational by October 1, 2014."

SBI SAFIS REPLACEMENT

SECTION 16B.2. G.S. 15A-502 is amended by adding a new subsection to read:

"(f) The Statewide Automated Fingerprint Identification System (SAFIS) Maintenance and Operation Fund is established within the State Bureau of Investigation as a special revenue interest-bearing fund. The Fund shall be used to defray the expenses of any project or activity intended for the perpetual maintenance, improvement, and operation of the Statewide Automated Fingerprint Identification System (SAFIS). The source of funds deposited into the SAFIS Maintenance and Operation Fund originates from the following:

(1) Fees generated by the State Bureau of Investigation for processing legislatively authorized background checks;

(2) Fees generated by the State Bureau of Investigation for processing concealed handgun permits referred to in G.S. 14-415.19."

CLARIFY HAZARDOUS MATERIALS FEES

SECTION 16B.3. G.S. 166A-29.1 reads as rewritten:

"§ 166A-29.1. Hazardous materials facility fee.

(a) Definitions. – The following definitions apply in this section:

(2) Hazardous chemical. – As defined in 29 C.F.R. 1910.1200(c), except that the term does not include any of the following:

a. Any food, food additive, color additive, drug, or cosmetic regulated by the Food and Drug Administration.

b. Any substance present as a solid in any manufactured item to the extent exposure to the substance does not occur under normal conditions of use.

c. Any substance to the extent that it is used for personal, family, or household purposes or is present in the same form and concentration as a product packaged for distribution and use by the public.

d. Any substance to the extent that it is used in a research laboratory or a hospital or other medical facility under the direct supervision of a technically qualified individual.

e. Any substance to the extent that it is used in routine agricultural operations or is a fertilizer held for sale by a retailer to the ultimate consumer.

(3) Extremely hazardous substance. – Any substance, regardless of its state, set forth in 40 C.F.R. Part 355, Appendix A or B.

(b) Annual Fee Shall Be Charged. – Any person or business as required under Section 302 or 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be required to pay to the Department an annual fee in the amount set forth in subsection (c) of this section.

(c) Amount of Fee. – The amount of the annual fee charged pursuant to subsection (b) of this section shall be calculated in accordance with the following, up to a maximum annual amount of five thousand dollars ($5,000):$5,000 per reporting site:

(1) A fee of fifty dollars ($50.00) shall be assessed for each substance at each site reported by a person or business that is classified as a hazardous chemical.

(2) A fee of ninety dollars ($90.00) shall be assessed for each substance at each site reported by a person or business that is classified as an extremely hazardous substance.

(d) Late Fees. – The Division may impose a late fee against the person or business for failure to submit a report or filing that substantially complies with the requirements of EPCRA by the federal filing deadline or for failure to pay any fee, including a late fee. This fee shall be in addition to the fee imposed pursuant to subsection (c) of this section in addition to the fee imposed pursuant to subsection (c) of this section. Prior to imposing a late fee, the Division shall provide the person or business who will be assessed the late fee with written notice that identifies the specific requirements that have not been met and informs the person or business of its intent to assess a late fee. The assessment of a late fee shall be subject to the following limitations:

(1) If the report filing or fee is submitted within 30 days after receipt of the Division’s notice that it intends to assess a late fee, no late fee shall be assessed.

(2) If the report filing or fee has not been submitted by the end of the period set forth in subdivision (1) of this subsection, the Division may impose a late fee in an amount equal to the amount of the fee charged pursuant to subsection (c) of this section.

(e) Exemptions. – No fee shall be charged under this section to any of the following:
(1) An owner or operator of a family farm enterprise, a facility owned by a State
or local government, or a nonprofit corporation.
(2) An owner or operator of a facility where motor vehicle fuels are stored and
from which such fuels are offered for retail sale. However, hazardous
chemicals or extremely hazardous substances at such a facility, other than
motor vehicle fuels for retail sale, shall not be subject to this exemption.
(3) A motor vehicle dealer, as that term is defined in G.S. 20-286(11).

(f) Use of Fee Proceeds. – Hazardous Materials Facility Fund. – The proceeds of fees
received shall be credited in a nonreverting, special fund in the Department of Public Safety
and managed by the Division. The proceeds of fees shall assessed pursuant to this section be
used for the following:
(1) To offset Division costs that directly support hazardous materials emergency
preparedness and response.
(2) To pay offset costs associated with the establishment and maintenance of a
hazardous materials database, and a hazardous materials response application.
(3) To support offset costs associated with the operations of the regional
response program for hazardous materials emergencies and terrorist incidents.
(4) To provide grants to counties for hazardous materials emergency response
planning, training, and related exercises.

USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO DOJ OR DPS

SECTION 16B.4.(a) Assets transferred to the Department of Justice or to the
Department of Public Safety during the 2015-2017 fiscal biennium pursuant to applicable
federal law shall be credited to the budgets of the respective departments and shall result in an
increase of law enforcement resources for those departments. The Departments of Justice and
Public Safety shall report to the Joint Legislative Commission on Governmental Operations the
Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public
Safety, and the Chairs of the Senate Appropriations Committee on Justice and Public Safety
upon receipt of the assets and, before using the assets, shall report on the intended use of the
assets and the departmental priorities on which the assets may be expended.

SECTION 16B.4.(b) Nothing in this section prohibits North Carolina law
enforcement agencies from receiving funds from the United States Department of Justice, the
United States Department of the Treasury, the United States Department of Homeland Security,
and the United States Department of Health and Human Services.

SUBPART XVI-C. DIVISION OF ADULT CORRECTION AND JUVENILE JUSTICE

CREATE JUSTICE REINVESTMENT COUNCIL

SECTION 16C.1.(a) G.S. 143B-1157 is repealed.
SECTION 16C.1.(b) G.S. 143B-1158 is repealed.
SECTION 16C.1.(c) Article 13 of Chapter 143 is amended by adding a new
section to read:
(a) The Council shall act as an advisory body to the Commissioner of Adult Correction
and Juvenile Justice with regard to this Subpart. The Council shall consist of 12 members as
follows, to be appointed as provided in subsection (b) of this section:
(1) Two members of the Senate.
(2) Two members of the House of Representatives.
(3) A judge of the superior court.

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A judge of the district court.

A district attorney.

A criminal defense attorney.

A county sheriff.

A chief of a city police department.

A victim service provider.

A member selected to represent behavioral health services.

(b) The membership of the Council shall be selected as follows:

(1) The Governor shall appoint the following members: the county sheriff, the chief of a city police department, and the member representing behavioral health services.

(2) The Lieutenant Governor shall appoint the following members: the victim service provider.

(3) The Chief Justice of the North Carolina Supreme Court shall appoint the following members: the superior court judge, the district court judge, the district attorney, and the criminal defense attorney.

(4) The President Pro Tempore of the Senate shall appoint the following members: two members of the Senate.

(5) The Speaker of the House of Representatives shall appoint the following members: two members of the House of Representatives.

In appointing the members of the Council, the appointing authorities shall make every effort to ensure fair geographic representation of the Council membership and to ensure that minority persons and women are fairly represented.

(c) The initial members shall serve staggered terms; one-third shall be appointed for a term of one year, one-third shall be appointed for a term of two years, and one-third shall be appointed for a term of three years. The members identified in subdivisions (1) through (5) of subsection (a) of this section shall be appointed initially for a term of one year. The members identified in subdivisions (6) through (10) in subsection (a) of this section shall be appointed initially for a term of two years. The terms of office of the initial members appointed under this section commence effective October 1, 2015.

At the end of their respective terms of office their successors shall be appointed for terms of three years effective July 1. A vacancy occurring before the expiration of the term of office shall be filled in the same manner as original appointments for the remainder of the term. Members may be reappointed without limitation.

(d) The purpose of the Justice Reinvestment Council in conjunction with the Department of Public Safety, Division of Adult Correction and Juvenile Justice is to (i) recommend policy enhancements to the Justice Reinvestment Act of 2011; (ii) assist in the continued education of criminal justice system stakeholders; (iii) support implementation of the Justice Reinvestment Act of 2011; and (iv) identify new initiatives that further implementation of the Justice Reinvestment Act of 2011 and the Community Corrections Recidivism Reduction Plan.

INTERSTATE COMPACT FEES TO SUPPORT OPERATING NEEDS
SECTION 16C.2. G.S. 148-65.7 reads as rewritten:

"§ 148-65.7. Fees.

(a) Persons convicted in this State who make a request for transfer to another state pursuant to the compact shall pay a transfer application of two hundred fifty dollars ($250.00) for each transfer application submitted. The transfer application fee shall be paid to the Compact Commissioner upon submission of the transfer application. The Commissioner or the Commissioner's designee may waive the application fee if either the Commissioner or the
Commissioner's designee finds that payment of the fee will constitute an undue economic burden on the offender.

All fees collected pursuant to this section shall be deposited in the Interstate Compact Fund and shall be used only to support administration of the Interstate Compact and operational costs for the Division of Adult Correction Section of Community Corrections.

The Interstate Compact Fund is established within the Division of Adult Correction and Juvenile Justice of the Department of Public Safety as a nonreverting, interest-bearing special revenue account. Accordingly, revenue in the Fund at the end of a fiscal year does not revert, and interest and other investment income earned by the Fund shall be credited to it. All moneys collected by the Division of Adult Correction of the Department of Public Safety pursuant to this subsection shall be remitted to the State Treasurer to be deposited and held in this Fund. Moneys in the Fund shall be used to supplement funds otherwise available to the Division of Adult Correction of the Department of Public Safety for the administration of the Interstate Compact and operational costs for the Section of Community Corrections.

(b) Persons supervised in this State pursuant to this compact shall pay the supervision fee specified in G.S. 15A-1374(c). The fee shall be paid to the clerk of court in the county in which the person initially receives supervision services in this State. The Commissioner or the Commissioner's designee may waive the fee if either the Commissioner or the Commissioner's designee finds that payment of the fee will constitute an undue economic burden on the offender."

JAIL BACKLOG

SECTION 16C.3. Notwithstanding G.S. 143C-6-9, the Department of Public Safety may use funds available to the Department for the 2015-2017 fiscal biennium to pay the sum of forty dollars ($40.00) per day as reimbursement to counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report quarterly to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public Safety and Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog.

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 16C.4. The Department of Public Safety may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2015-2017 fiscal biennium. The Center for Community Transitions, Inc., shall report by February 1 of each year to the Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Public Safety.

ADULT AND JUVENILE INMATE MEDICAL COSTS

SECTION 16C.5.(a) The Department of Public Safety shall reimburse those providers and facilities providing approved inmate medical services outside the correctional or juvenile facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two times the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

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This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care.

SECTION 16C.5.(b) Section 19.6(c) of S.L. 2010-31 reads as rewritten:

"SECTION 19.6.(c) The Department of Correction shall consult with the Division of Medical Assistance in the Department of Health and Human Services to develop protocols for prisoners and juveniles committed to the Department who would be eligible for Medicaid if they were not incarcerated to access Medicaid while in custody or under extended limits of confinement, or committed to the Department. The Department shall seek reimbursement from Medicaid for those health care costs incurred by the Department in those instances when an inmate's Medicaid eligibility has been temporarily reinstated due to a hospitalization. The Department of Correction shall also work with the Division of Medical Assistance to determine the feasibility of applying for a Medicaid waiver to cover the inmate population."
DOA-administered space the agency uses as a share of all DOA-administered space. The Department shall conduct a study to determine appropriate rental rates based on comparable market rates to be provided to the Office of State Budget and Management by October 1, 2015, to inform adjustments to rental rates for the FY 2016-2017 budget.

STOP FRAUD AND ABUSE OF TAXPAYER DOLLARS

SECTION 18.2.(a) Article 79 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-750. Reporting requirements.
If any internal audit by or on behalf of any State agency results in a written finding that any nongovernmental person or entity, not subject to G.S. 143-6-23, has received public funds as a result of fraud, misrepresentation, or other deceptive acts or practices while doing business with State agencies or local governments, then a report of such finding shall be submitted to the State Purchasing Officer and may contain a recommendation that the persons or entities identified be debarred. The submission to the State Purchasing Officer shall include such necessary detail and documentation to support the findings made."

SECTION 18.2.(b) G.S. 147.64.6 is amended by adding a new subsection (e) to read:

"(e) If the State Auditor's work results in a written finding that any nongovernmental person or entity, not subject to G.S. 143-6-23, has received public funds as a result of fraud, misrepresentation or other deceptive acts or practices while doing business with State agencies or local governments, then a report of such finding shall be submitted to the State Purchasing Officer and may contain a recommendation that the persons or entities identified be debarred. The submission to the State Purchasing Officer shall include such necessary detail and documentation to support the findings made."

SECTION 18.2.(c) The Secretary of the Department of Administration shall develop rules and procedures to implement debarment of any nongovernmental person or entity, not subject to G.S. 143-6-23, that has received public funds as a result of fraud, misrepresentation or other deceptive acts or practices while doing business with State agencies or local governments consistent with G.S. 143-750 and Article 5A of Chapter 147-64.6.

TRANSFER YOUTH ADVISORY COUNCIL TO OSHR

SECTION 18.3.(a) The Youth Advocacy and Involvement Office is hereby transferred from the Department of Administration to the Office of State Human Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 18.3.(b) G.S. 143B-417 reads as rewritten:

There is hereby created the North Carolina Internship Council of the Department of Administration. The Council is established within the Office of State Human Resources. The North Carolina Internship Council shall have the following functions and duties:

…"

SECTION 18.3.(b) G.S. 143B-418 reads as rewritten:

"§ 143B-418. North Carolina Internship Council – members; selection; quorum; compensation; clerical, etc., services.
The North Carolina Internship Council shall consist of 17 members, including the Secretary of Administration or his designee, Director of the Office of State Human Resources or that officer's designee, one member to be designated by and to serve at the pleasure of the President Pro Tempore of the Senate, one member to be designated by and to serve at the pleasure of the Speaker of the House of Representatives and the following 14 members to be appointed by the Governor to a two-year term commencing on July 1 of odd-numbered years: two
representatives of community colleges; four representatives of The University of North Carolina system; two representatives of private colleges or universities; three representatives of colleges or universities with an enrollment of less than 5,000 students; and three former interns.

At the end of the respective terms of office of the 14 members of the Council appointed by the Governor, the appointment of their successors shall be for terms of two years and until their successors are appointed and qualify. The Governor may remove any member appointed by the Governor.

Any appointment to fill a vacancy on the Council created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term.

The Council shall meet at the call of the chairman or upon written request of at least five members.

The Governor shall designate a member of the Council as chairman to serve at the pleasure of the Governor.

Members of the Council shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

A majority of the Council shall constitute a quorum for the transaction of business.

All clerical and other services required by the Council shall be supplied by the Secretary of Administration, Office of State Human Resources."

SECTION 18.3.(c) G.S. 143B-385 reads as rewritten:

"§ 143B-385. State Youth Advisory Council – creation; powers and duties.

There is hereby created the State Youth Advisory Council of the Department of Administration. The State Youth Advisory Council shall have the following functions and duties:

(1) To advise the youth councils of North Carolina;

(2) To encourage State and local councils to take active part in governmental and civic affairs, promote and participate in leadership and citizenship programs, and cooperate with other youth-oriented groups;

(3) To receive on behalf of the Department of Administration, Office of State Human Resources and to recommend expenditure of gifts and grants from public and private donors;

(4) To establish procedures for the election of its youth representatives by the State Youth Council; and

(5) To advise the Secretary of Administration, Director of the Office of State Human Resources upon any matter the Secretary, Director may refer to it."

SECTION 18.3.(d) G.S. 143B-386 reads as rewritten:

"§ 143B-386. State Youth Advisory Council – members; selection; quorum; compensation.

The State Youth Advisory Council of the Department of Administration shall consist of 20 members. The composition and appointment of the Council shall be as follows:

Ten youths to be elected by the procedure adopted by the Youth Advisory Council, which shall include a requirement that four of the members represent youth organizations; and 10 adults to be appointed by the Governor at least four of whom shall be individuals working on youth programs through youth organizations. Provided that no person shall serve on the Board for more than two complete consecutive terms.

The initial members of the Council shall be the appointed members of the Youth Advisory Board who shall serve for a period equal to the remainder of their current terms on the Youth Advisory Board. The current terms of the youth members expire July 1, 1976, the current terms of four of the adult members expire April 7, 1976, and the remaining four adult members’ terms expire May 1, 1978. At the end of the respective terms of office of the initial members of the Council, the appointment of their successors shall be as follows:
(1) Eight youth members to serve for terms beginning on July 1, 1976, and expiring on June 30, 1977, and two additional youth members to serve for terms beginning on July 1, 1977, and expiring on June 30, 1978. At the end of the terms of office of these youth members of the Council, the appointment of their successors shall be for terms of two years and until their successors are appointed and qualify.

(2) Four adult members to serve for terms beginning on April 8, 1976, and expiring on June 30, 1979; four adult members to serve for terms beginning on May 1, 1978, and expiring on June 30, 1980; one additional adult member to serve for a term beginning July 1, 1977, and expiring June 30, 1978; and one additional adult member to serve for a term beginning July 1, 1977, and expiring June 30, 1979. At the end of the respective terms of office of these adult members of the Council, the appointment of their successors shall be for terms of two years and until their successors are appointed and qualify. At least one adult member shall be an advisor of a local youth council at appointment and for the duration of the term. The total membership shall reasonably reflect the socioeconomic, ethnic, sexual and sectional composition of the State.

Any appointment to fill a vacancy on the Council created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term.

The Governor shall have the power to remove any member of the Council from office in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

The Governor shall designate an adult member of the Council to serve as chairman at the pleasure of the Governor. The Council shall elect a youth member to serve as vice-chairman for a one-year term.

A majority of the Council shall constitute a quorum for the transaction of business.

Members of the Council who are not officers or employees of the State shall receive per diem and necessary travel and subsistence expenses in accordance with provisions of G.S. 138-5.

All clerical and other services required by the Council shall be supplied by the Secretary of Administration, Office of State Human Resources.

ALLOW FOR ELECTRONIC ADVERTISEMENT OF LEASE PROPOSALS

SECTION 18.4 G.S. 146-25.1(a) reads as rewritten:

"§ 146-25.1. Proposals to be secured for leases.

(a) If pursuant to G.S. 146-25, the Department of Administration determines that it is in the best interest of the State to lease or rent land and the rental is estimated to exceed twenty-five thousand dollars ($25,000) per year or the term will exceed three years, the Department shall require the State agency desiring to rent land to prepare and submit for its approval a set of specifications for its needs. Upon approval of specifications, the Department shall prepare a public advertisement. The State agency shall place such advertisement in a newspaper of general circulation in the county for proposals from prospective lessors of said land and shall make such other distribution thereof as the Department directs, or through electronic means, or both, as determined by the Department to be most advantageous. The advertisement shall be run for at least five consecutive days, and shall provide that proposals shall be received for at least seven days from the date of the last advertisement in the State Property Office of the Department. The provisions of this section do not apply to property owned by governmental agencies and leased to other governmental agencies."

PART XIX. DEPARTMENT OF CULTURAL RESOURCES
TRANSFER ATTRACTIONS TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 19.1.(a) G.S. 143B-50 reads as written:

"§ 143B-50. Duties of the Department.

(a) It shall be the duty of the Department to provide the necessary management, development of policy and establishment and enforcement of standards for the furtherance of resources, services and programs involving the arts and the historical and cultural aspects of the lives of the citizens of North Carolina.

(b) The Secretary of Cultural Resources may establish and set admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees for state historic sites, museums, state parks and recreation facilities, aquariums, piers, the North Carolina Zoological Park, and other attractions."

SECTION 19.1.(b) The Secretary of Cultural Resources shall establish admission fees and related activity fees using a dynamic pricing strategy. Dynamic pricing is the adjustment of fees for admission and related activities from time to time to reflect marketing forces, including seasonal variations and special event interests, with the intent and effect to maximize revenues from use of these State resources to the extent practicable to offset appropriations from the General Assembly. Any rule currently in the Administrative Code related to fees covered by Section 1 of this act are ineffective and repealed upon the effective date of new admission fees and related activity fees adopted by the Department under the authority set out in Section 1 of this act. Notice of the initial adoption of new admission fees and related activity fees under Section 1 of this act shall be given by the Department to the Codifier of Rules, who, upon receipt of notice of the initial adoption of new admission fees and related activity fees by the Department, shall note the repeal of these rules in the Administrative Code.

SECTION 19.1.(c) The Division of North Carolina Aquariums created in the Department of Environment and Natural Resources is hereby transferred to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(d) G.S. 143B-289.41 reads as rewritten:

"§ 143B-289.41. Division of North Carolina Aquariums – organization; powers and duties.

(a) The Division of North Carolina Aquariums shall be organized as prescribed by the Secretary of Environment and Cultural Resources and shall exercise the following powers and duties:

(1) Repealed by Session Laws 1991, c. 320, s. 3.

(1a) Establish and maintain the North Carolina Aquariums.

(1b) Administer the operations of the North Carolina Aquariums, such administrative duties to include, but not be limited to the following:

a. Adopt goals and objectives for the Aquariums and review and revise these goals and objectives periodically.

b. Review and approve requests for use of the Aquarium facilities and advise the Secretary of Environment and Cultural Resources on the most appropriate use consistent with the goals and objectives of the Aquariums.

c. Continually review and evaluate the types of projects and programs being carried out in the Aquarium facilities and determine if the operation of the facilities is in compliance with the established goals and objectives.

d. Recommend to the Secretary of Environment and Cultural Resources any policies and procedures needed to assure effective
staff performance and proper liaison among Aquarium facilities in carrying out the overall purposes of the Aquarium programs.

e. Review Aquarium budget submissions to the Secretary of Environment and Natural Cultural Resources.

f. Recruit and recommend to the Secretary of Environment and Natural Cultural Resources candidates for the positions of directors of the Aquariums.

g. Create local advisory committees in accordance with the provisions of G.S. 143B-289.43.

(1c) Notwithstanding Article 3A of Chapter 143 of the General Statutes, and G.S. 143-49(4), dispose of any exhibit, exhibit component, or object from the collections of the North Carolina Aquariums by sale, lease, or trade. A sale, lease, or trade under this subdivision shall be conducted in accordance with generally accepted practices for zoos and aquariums that are accredited by the American Association of Zoos and Aquariums. After deducting the expenses attributable to the sale or lease, the net proceeds of any sale or lease shall be credited to the North Carolina Aquariums Fund.

(2) Repealed by Session Laws 1993, c. 321, s. 28(e).

(3) Repealed by Session Laws 1991, c. 320, s. 3.

(4) through (6) Repealed by Session Laws 1991, c. 320, s. 3.

(7) Assume any other powers and duties assigned to it by the Secretary.

(b) The Secretary may adopt any rules and procedures necessary to implement this section."

SECTION 19.1.(e) G.S. 143B-289.44 reads as rewritten:

"§ 143B-289.44. North Carolina Aquariums; fees; fund.

(a) Fees. – The Secretary of Environment and Natural Cultural Resources may adopt a schedule of fees for the aquariums and piers operated by the North Carolina Aquariums, including:

(1) Gate admission fees.

(2) Facility rental fees.

(3) Educational programs.

(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special, interest-bearing, and nonreverting fund. The North Carolina Aquariums Fund shall be used for repair, renovation, expansion, maintenance, educational exhibit construction, and for the marketing and operational expenses at existing aquariums, aquariums facilities, to pay the debt service and lease payments related to the financing of expansions of aquariums, and to match private funds that are raised for these purposes.

(c) Disposition of Fees. — Fees, Receipt of Monetary Gifts, and Non-Appropriated Revenue Generated at the North Carolina Aquariums. – All entrance fee receipts and all non-appropriated revenue generated at the North Carolina Aquariums shall be credited to the North Carolina Aquariums Fund. Receipts so credited that are necessary to support the personnel and operational expenses of the aquariums shall be transferred to the aquariums’ General Fund operating budget on a monthly basis. The North Carolina Aquariums may credit its receipt of monetary gifts to the North Carolina Aquariums Fund.

(c1) The Secretary may adopt rules necessary to carry out the provisions of this section. The Department is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and fees as provided in G.S. 143B-50(b). The Department shall submit a report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of a fee change within 30 days following its effective date.

(c2) The Secretary shall approve the use of the North Carolina Aquariums Fund for capital improvements, as defined in G.S. 143C-1-1 excluding repairs and in excess of five
hundred thousand dollars ($500,000), upon a demonstration by the Division that repair and
maintenance requirements at existing North Carolina Aquarium facilities are adequately funded
to the satisfaction of the Secretary. This demonstration and approval shall be in addition to the
Department's compliance with any other requirements established by law.

(d) The Division of North Carolina Aquariums shall submit to the Joint Legislative
Commission on Governmental Operations, the House and Senate Appropriations
Subcommittees on Natural and Economic Resources, and the Fiscal Research Division by
September 30 of each year a report on the North Carolina Aquariums Fund that shall include
the source and amounts of all funds credited to the Fund and the purpose and amount of all
expenditures from the Fund during the prior fiscal year."

SECTION 19.1.(f) The North Carolina Museum of Natural Sciences is hereby
transferred from the Department of Environment and Natural Resources to the Department of
Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as
described in G.S. 143A-6.

SECTION 19.1.(g) G.S. 143B-344.18 reads as rewritten:

"§ 143B-344.18. Commission created; membership.
There is created an Advisory Commission for the North Carolina State Museum of Natural
Sciences which shall determine its own organization. It shall consist of at least nine members,
which shall include the Director of the North Carolina State Museum of Natural Sciences, the
Commissioner of Agriculture, the State Geologist and Secretary of Environment and Natural
Cultural Resources, the Director of the Institute of Fisheries Research of the University of
North Carolina, the Director of the Wildlife Resources Commission, the Superintendent of
Public Instruction, or qualified representative of any or all of the above-named members, and at
least three persons representing the East, the Piedmont, and the Western areas of the State.
Members appointed by the Governor shall serve for four-year staggered terms. Terms shall
begin on 1 September. Members appointed by the Governor shall not serve more than three
consecutive four-year terms. Any member may be removed by the Governor for cause."

SECTION 19.1.(h) G.S. 143B-344.22 reads as rewritten:

"§ 143B-344.22. Museum of Natural Sciences; disposition of objects.
Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4), or any
other law pertaining to surplus State property, the Department of Environment and
Natural Cultural Resources may sell or exchange any object from the collection of the Museum
of Natural Sciences when it would be in the best interest of the Museum to do so. Sales or
exchanges shall be conducted in accordance with generally accepted practices for accredited
museums. If an object is sold, the net proceeds of the sale shall be deposited in the State
treasury to the credit of a special fund to be used for the improvement of the Museum's
collections or exhibits."

SECTION 19.1.(i) Part 29 of Article 7 of Chapter 143B of the General Statutes is
amended by adding a new section to read:

"§ 143B-344.24. Museum of Natural Sciences; fees; fund.
(a) Fees. – The Secretary of Cultural Resources may establish and set fees, as provided
in G.S. 143B-50(b).
(b) Fund. – The North Carolina Museum of Natural Sciences Fund is hereby created as
a special, interest-bearing, and nonreverting fund. The North Carolina Museum of Natural
Sciences Fund shall be used for repair, renovation, expansion, maintenance, educational exhibit
construction, and for the marketing and operational expenses at North Carolina Museum of
Natural Sciences facilities and to match private funds that are raised for these purposes.
(c) Disposition of Fees, Receipt of Monetary Gifts, and Non-Appropriated Revenue
Generated at the North Carolina Museum of Natural Sciences. – All fee receipts, and all
non-appropriated revenue generated at the North Carolina Museum of Natural Sciences, shall
be credited to the North Carolina Museum of Natural Sciences Fund. The North Carolina
Museum of Natural Sciences may credit its receipt of monetary gifts to the North Carolina Museum of Natural Sciences Fund.

(d) The Department is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and fees as provided in G.S. 143B-50(b) at the North Carolina Museum of Natural Sciences. The Department shall submit a report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of a fee change within 30 days following its effective date.

(e) The Secretary shall approve the use of the North Carolina Museum of Natural Sciences Fund for capital improvements, as defined in G.S. 143C-1-1, excluding repairs and in excess of five hundred thousand dollars ($500,000), upon a demonstration by the North Carolina Museum of Natural Sciences that repair and maintenance requirements at existing North Carolina Museum of Natural Sciences facilities are adequately funded to the satisfaction of the Secretary. This demonstration and approval shall be in addition to the Department's compliance with any other requirements established by law."

SECTION 19.1.(j) The North Carolina Museum of Forestry in Columbus County is hereby transferred from the Department of Environment and Natural Resources to the Department of Cultural Resources as a satellite museum of the North Carolina Museum of Natural Sciences. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(k) The North Carolina State Park System, including Mount Mitchell State Park, is hereby transferred from the Department of Environment and Natural Resources to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(l). G.S. 113-28.1 reads as rewritten:

"§ 113-28.1. Designated employees commissioned special peace officers by Governor.

Upon application by the Secretary of Environment and Natural Resources, the Governor is hereby authorized and empowered to commission as special peace officers such of the employees of the Department of Environment and Natural Resources as the Secretary may designate for the purpose of enforcing the laws and rules enacted or adopted for the protection, preservation and government of State parks, lakes, reservations and other lands or waters under the control or supervision of the Department of Environment and Natural Resources."

SECTION 19.1.(m) G.S. 113-28.2 reads as rewritten:


Any employee of the Department of Environment and Natural Resources commissioned as a special peace officer shall have the right to arrest with warrant any person violating any law or rule on or relating to the State parks, lakes, reservations and other lands or waters under the control or supervision of the Department of Environment and Natural Resources, and shall have the power to pursue and arrest without warrant any person violating in his presence any law or rule on or relating to said parks, lakes, reservations and other lands or waters under the control or supervision of the Department of Environment and Natural Resources."

SECTION 19.1.(n) G.S. 113-28.2A reads as rewritten:

"§ 113-28.2A. Cooperation between law enforcement agencies.

Special peace officers employed by the Department of Environment and Natural Resources and by the Department of Cultural Resources are officers of a "law enforcement agency" for purposes of G.S. 160A-288, and the Department shall have the same authority as a city or county governing body to approve cooperation between law enforcement agencies under that section."

SECTION 19.1.(o) G.S. 113-28.4 reads as rewritten:
"§ 113-28.4. Oaths required.
Before any employee of the Department of Environment and Natural Resources and the Department of Cultural Resources commissioned as a special peace officer shall exercise any power of arrest under this Article he shall take the oaths required of public officers before an officer authorized to administer oaths."

SECTION 19.1.(p) G.S. 113-29 reads as rewritten:

"§ 113-29. Definitions.
(a) In this Article, unless the context requires otherwise, "Department" means the Department of Environment and Natural Resources; Resources and the Department of Cultural Resources; and "Secretary" means the Secretary of Environment and Natural Resources.

SECTION 19.1.(q) G.S. 113-34.1 reads as rewritten:

"§ 113-34.1. Power to acquire conservation lands not included in the State Parks System.
The Department of Administration may acquire and allocate to the Department of Environment and Natural Resources for management by the Division of Parks and Recreation lands that the Department of Environment and Natural Resources finds are important for conservation purposes but which are not included in the State Parks System. Lands acquired pursuant to this section are not subject to Article 2C of Chapter 113 of the General Statutes and may be traded or transferred as necessary to protect, develop, and manage the Mountains to Sea State Park Trail, other State parks, or other conservation lands. This section does not expand the power granted to the Department of Environment and Natural Resources under G.S. 113-34(a) to acquire land by condemnation."

SECTION 19.1.(r) G.S. 113-35(b) reads as rewritten:

"§ 113-35. Control over State parks; operation of public service facilities; concessions to private concerns; authority to charge fees and adopt rules.

(b) Fees. – The Secretary of Cultural Resources may establish and set fees as provided in G.S. 143B-50(b). The Department may construct, operate, and maintain within the State parks, State lakes, and other areas under its charge suitable public service facilities and conveniences, and may charge and collect reasonable fees for the use of these facilities and conveniences. The Department may also charge and collect reasonable fees for each of the following:

(1) The erection, maintenance, and use of docks, piers, and any other structures permitted in or on State lakes under rules adopted by the Department.

(2) Fishing privileges in State parks and State lakes, provided that these privileges shall be extended only to holders of State hunting and fishing licenses who comply with all State game and fish laws.

(3) Vehicle access for off-road driving at the beach at Fort Fisher State Recreation Area.

(4) The erection, maintenance, and use of a marina at Carolina Beach."

SECTION 19.1.(s) G.S. 113-44.9 reads as rewritten:

"§ 113-44.9. Definitions.
As used in this Article, unless the context requires otherwise:

(1) "Department" means the Department of Environment and Natural Resources.

(2) "Park" means any tract of land or body of water comprising part of the State Parks System under this Article, including existing State parks, State natural areas, State recreation areas, State trails, State rivers, and State lakes.

(3) "Plan" means State Parks System Plan.
(4) "Secretary" means the Secretary of Environment and Natural Resources.

(5) "State Parks System" or "system" mean all those lands and waters which comprise the parks system of the State as established under this Article.

**SECTION 19.1.(t)** Article 2C od Chapter 113 of the General Statutes is amended by adding a new section to read:

"§ 113-44.16. State Parks Fund.

(a) Fund. – The State Parks Fund is hereby created as a special, interest-bearing and nonreverting fund. The State Parks Fund shall be used for repair, renovation, expansion, maintenance, exhibit construction, and for the marketing and operational expenses at the Division of Parks and Recreation properties and facilities and to match private funds that are raised for these purposes.

(b) Disposition of Fees, Receipt of Monetary Gifts, and Non-Appropriated Revenue Generated at the North Carolina Parks. – All fee receipts, and all non-appropriated revenue generated at the North Carolina Parks, shall be credited to the State Parks Fund, including fee receipts authorized pursuant to G.S. 113-35 and G.S. 143B-313.1. The North Carolina Division of Parks and Recreation may credit its receipt of monetary gifts to the State Parks Fund.

(c) The Secretary may adopt rules necessary to carry out the provisions of this section. The Department is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and fees as provided in G.S. 143B-50(b) at the Division of Parks and Recreation. The Department shall submit a report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of a fee change within 30 days following its effective date.

(d) The Secretary shall approve the use of the State Parks Fund for capital improvements, as defined in G.S. 143C-1-1 excluding repairs and in excess of five hundred thousand dollars ($500,000), upon a demonstration by the Division that repair and maintenance requirements at existing North Carolina State Park facilities are adequately funded to the satisfaction of the Secretary. This demonstration and approval shall be in addition to the Department's compliance with any other requirements established by law."

**SECTION 19.1.(u)** G.S. 143B-313.1 reads as rewritten:

"§ 143B-313.1. North Carolina Parks and Recreation Authority; creation; powers and duties.

The North Carolina Parks and Recreation Authority is created, to be administered by the Department of Environment and Natural Cultural Resources. The North Carolina Parks and Recreation Authority shall have at least the following powers and duties:

(1) To receive public and private donations, appropriations, grants, and revenues for deposit into the Parks and Recreation Trust Fund.

(2) To allocate funds for land acquisition from the Parks and Recreation Trust Fund.

(3) To allocate funds for repairs, renovations, improvements, construction, and other capital projects from the Parks and Recreation Trust Fund.

(4) To solicit financial and material support from public and private sources.

(5) To develop effective public and private support for the programs and operations of the parks and recreation areas.

(6) To consider and to advise the Secretary of Environment and Natural Cultural Resources on any matter the Secretary may refer to the North Carolina Parks and Recreation Authority.

(7) To advise the Secretary on establishing and setting fees to be approved by the Secretary of Cultural Resources, as provided in G.S. 113-35 and G.S. 113-44.16."
SECTION 19.1.(v) The North Carolina Parks and Recreational Authority, administered by the Department of Environment and Natural Resources, shall transfer to and be administered by the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(w) The Western North Carolina Public Lands Council created within the Department of Environment and Natural Resources is hereby transferred to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(x) The Parks and Recreational Division of the Department of Environment and Natural Resources is hereby transferred to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(y) G.S. 143-116.8 reads as rewritten:
§ 143-116.8. Motor vehicle laws applicable to State parks and forests road system.
(a) Except as otherwise provided in this section, all the provisions of Chapter 20 of the General Statutes relating to the use of highways and public vehicular areas of the State and the operation of vehicles thereon are made applicable to the State parks and forests road system. For the purposes of this section, the term "State parks and forests road system" shall mean the streets, alleys, roads, public vehicular areas and driveways of the State parks, State forests, State recreation areas, State lakes, and all other lands administered by the Department of Environment and Natural Cultural Resources or the Department of Agriculture and Consumer Services. This term shall not be construed, however, to include streets that are a part of the State highway system. Any person violating any of the provisions of Chapter 20 of the General Statutes hereby made applicable in the State parks and forests road system shall, upon conviction, be punished in accordance with Chapter 20 of the General Statutes. Nothing herein contained shall be construed as in any way interfering with the ownership and control of the State parks road system by the Department of Environment and Natural Cultural Resources and the forests road system by the Department of Agriculture and Consumer Services.
(b) (1) It shall be unlawful for a person to operate a vehicle in the State parks road system at a speed in excess of twenty-five miles per hour (25 mph). When the Secretary of Environment and Natural Cultural Resources determines that this speed is greater than reasonable and safe under the conditions found to exist in the State parks road system, the Secretary may establish a lower reasonable and safe speed limit. No speed limit established by the Secretary pursuant to this provision shall be effective until posted in the part of the system where the limit is intended to apply.
(1a) It shall be unlawful for a person to operate a vehicle in the State forests road system at a speed in excess of 25 miles per hour. When the Commissioner of Agriculture determines that this speed is greater than reasonable and safe under the conditions found to exist in the State forests road system, the Commissioner may establish a lower reasonable and safe speed limit. No speed limit established by the Commissioner pursuant to this provision shall be effective until posted in the part of the system where the limit is intended to apply.
(2) Any person convicted of violating this subsection by operating a vehicle on the State parks and forests road system while fleeing or attempting to elude arrest or apprehension by a law enforcement officer with authority to enforce the motor vehicle laws, shall be punished as provided in G.S. 20-141.5.
(3) For the purposes of enforcement and administration of Chapter 20, the speed limits stated and authorized to be adopted by this section are speed limits under Chapter 20.
The Secretary may designate any part of the State parks road system and the Commissioner may designate any part of the State forests road system for one-way traffic and shall erect appropriate signs giving notice thereof. It shall be a violation of G.S. 20-165.1 for any person to willfully drive or operate any vehicle on any part of the State parks and forests road system so designated except in the direction indicated.

The Secretary shall have power, equal to the power of local authorities under G.S. 20-158 and G.S. 20-158.1, to place vehicle control signs and signals and yield-right-of-way signs in the State parks road system; the Secretary also shall have power to post such other signs and markers and mark the roads in accordance with Chapter 20 of the General Statutes as the Secretary may determine appropriate for highway safety and traffic control. The failure of any vehicle driver to obey any vehicle control sign or signal, or any yield-right-of-way sign placed under the authority of this section in the State parks road system shall be an infraction and shall be punished as provided in G.S. 20-176.

The Commissioner shall have power, equal to the power of local authorities under G.S. 20-158 and G.S. 20-158.1, to place vehicle control signs and signals and yield-right-of-way signs in the State forests road system. The Commissioner also shall have power to post such other signs and markers and mark the roads in accordance with Chapter 20 of the General Statutes as the Commissioner may determine appropriate for highway safety and traffic control. The failure of any vehicle driver to obey any vehicle control sign or signal or any yield right-of-way sign placed under the authority of this section in the State forests road system shall be an infraction and shall be punished as provided in G.S. 20-176.

The Secretary of Environment and Natural Cultural Resources may, by rule, regulate parking and establish parking areas, and provide for the removal of illegally parked motor vehicles on the State parks road system, and the Commissioner of Agriculture may, by rule, regulate and establish parking areas and provide for the removal of illegally parked motor vehicles on the State forests road system. Any rule of the Secretary or the Commissioner shall be consistent with the provisions of G.S. 20-161, 20-161.1, and 20-162. Any removal of illegally parked motor vehicles shall be in compliance with Article 7A of Chapter 20 of the General Statutes.

A violation of the rules issued by the Secretary of Environment and Natural Cultural Resources or the Commissioner of Agriculture under subsection (c) of this section is an infraction pursuant to G.S. 20-162.1, and shall be punished as therein provided. These rules may be enforced by the Commissioner of Motor Vehicles, the Highway Patrol, forest law enforcement officers, or other law enforcement officers of the State, counties, cities or other municipalities having authority under Chapter 20 of the General Statutes to enforce laws or rules on travel or use or operation of vehicles or the use or protection of the highways of the State.

The provisions of Chapter 20 of the General Statutes are applicable at all times to the State parks and forests road system, including closing hours, regardless of the fact that during closing hours the State parks and forests road system is not open to the public as a matter of right.

Notwithstanding any other provision of this section, a person may petition the Department of Environment and Natural Cultural Resources for a waiver authorizing the person to operate a vehicle in the State parks road system at a speed in excess of 25 miles per hour in connection with a special event. The Secretary may impose any conditions on a waiver that the Secretary determines to be necessary to protect public health, safety, welfare, and the natural
resources of the State park. These conditions shall include a requirement that the person receiving the waiver execute an indemnification agreement with the Department and obtain general liability insurance in an amount not to exceed three million dollars ($3,000,000) covering personal injury and property damage that may result from driving in excess of 25 miles per hour in the State parks road system subject to the conditions determined by the Secretary.

(g) Notwithstanding any other provision of this section, a person may petition the Department of Agriculture and Consumer Services for a waiver authorizing the person to operate a vehicle in the State forests road system at a speed in excess of 25 miles per hour in connection with a special event. The Commissioner may impose any conditions on a waiver that the Commissioner determines to be necessary to protect public health, safety, welfare, and the natural resources of the State forest. These conditions shall include a requirement that the person receiving the waiver execute an indemnification agreement with the Department and obtain general liability insurance in an amount not to exceed three million dollars ($3,000,000) covering personal injury and property damage that may result from driving in excess of 25 miles per hour in the State forests road system subject to the conditions determined by the Commissioner."

SECTION 19.1.(z) The North Carolina Zoological Park is hereby transferred from the Department of Environment and Natural Resources to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(aa) The North Carolina Zoological Park Council of the Department of Environment and Natural Resources is hereby transferred to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 19.1.(bb) G.S. 143B-335 reads as rewritten:

"§ 143B-335. North Carolina Zoological Park Council – creation; powers and duties. There is hereby created the North Carolina Zoological Park Council of the Department of Environment and Natural Resources. The North Carolina Zoological Park Council shall have the following functions and duties:

(1) To advise the Secretary on the basic concepts of and for the Zoological Park, approve conceptual plans for the Zoological Park and its buildings;
(2) To advise on the construction, furnishings, equipment and operations of the North Carolina Zoological Park;
(2a) To establish and set admission fees with the approval of advise the Secretary on establishing and setting fees, to be approved by the Secretary of Environment and Natural Resources, as provided in G.S. 143-177.3(b); G.S. 143-177.3 and G.S. 143B-336.1;
(3) To recommend programs to promote public appreciation of the North Carolina Zoological Park;
(4) To disseminate information on animals and the park as deemed necessary;
(5) To develop effective public support of the North Carolina Zoological Park through whatever means are desirable and necessary;
(6) To solicit financial and material support from various private sources within and without the State of North Carolina; and
(7) To advise the Secretary of Environment and Natural Resources upon any matter the Secretary may refer to it."

SECTION 19.1.(cc) G.S. 143B-336.1 reads as rewritten:

"§ 143B-336.1. Special Zoo Fund. (a) A special continuing and nonreverting fund, to be called the Fund. – The Special Zoo Fund is created. The North Carolina Zoological Park shall retain unbudgeted receipts
at the end of each fiscal year, beginning June 30, 1989, and deposit these receipts into this
Fund. This Fund shall be used for maintenance, repairs, and renovations of exhibits in existing
habitat clusters and visitor services facilities, construction of visitor services facilities and
support facilities such as greenhouses and temporary animal holding areas, for the replacement
of tram equipment as required to maintain adequate service to the public, and for marketing the
Zoological Park. The Special Zoo Fund may also be used to match private funds that are raised
for these purposes. Funds may be expended for these purposes by the Department of
Environment and Natural Resources on the advice of the North Carolina Zoological Park
Council and with the approval of the Office of State Budget and Management. The Department
of Environment and Natural Resources shall provide a report on or before October 1 of each
year to the Office of State Budget and Management, the Fiscal Research Division of the
General Assembly, and to the Joint Legislative Commission on Governmental Operations on
the use of fees collected pursuant to this section, hereby created as a special, interest-bearing,
and nonreverting fund. The Special Zoo Fund shall be used for repair, renovation, expansion,
maintenance, educational exhibit construction, renovations of exhibits in habitat clusters and
visitor services facilities, construction of visitor services facilities and support facilities,
including greenhouses and temporary animal holding areas, for the acquisition, maintenance, or
replacement of tram equipment as required to maintain adequate service to the public, and for
the marketing and operational expenses at the North Carolina Zoological Park and to match
private funds that are raised for these purposes. Funds may be expended for these purposes by
the Department of Cultural Resources on the advice of the North Carolina Zoological Park
Council.

(b) Disposition of Fees, Receipt of Monetary Gifts, and Non- Appropriated Revenue
Generated at the North Carolina Zoological Park. — All fee receipts, and all non-appropriated
revenue generated at the North Carolina Zoological Park, shall be credited to the Special Zoo
Fund. The North Carolina Zoological Park may credit its receipt of monetary gifts to the
Special Zoo Fund.

(c) The Secretary shall approve the use of the Special Zoo Fund for capital
improvements, as defined in G.S. 143C-1-1, excluding repairs and in excess of five hundred
thousand dollars ($500,000), upon a demonstration by the Zoological Park Council that repair
and maintenance requirements at existing North Carolina Zoological Park facilities are
adequately funded to the satisfaction of the Secretary. This demonstration and approval shall be
in addition to the Department's compliance with any other requirements established by law."

"§ 143-177.3. Sources of funds.

(a) It is the intent of this Article that the funds for the creation, establishment,
construction, operation and maintenance of the North Carolina Zoological Park shall be
obtained primarily from private sources; however, the Council, under the supervision and
approval and with the assistance of the Secretary of Environment and Natural Resources
Secretary of Cultural Resources, in consultation with the Council, is hereby authorized to
receive and expend such funds as may from time to time become available by appropriation or
otherwise from the State of North Carolina; provided, that the North Carolina Zoological Park
Council shall not in any manner pledge the faith and credit of the State of North Carolina for
any of its purposes.

(b) Fees. — The Council, with the approval of the Secretary of Environment and Natural
Resources is authorized to Cultural Resources may establish and set admission fees, which are
reasonable and consistent with the purpose and function of the North Carolina Zoological Park,
fees as provided in G.S. 143B-50(b).

(c) The Secretary may adopt rules necessary to carry out the provisions of this section.
The Department is exempt from the requirements of Chapter 150B of the General Statutes and
G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and fees as
provided in G.S. 143B-50(b) at the North Carolina Zoological Park. The Department shall submit a report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of a fee change within 30 days following its effective date."

SECTION 19.1(ee) G.S. 113A-74 reads as rewritten:
"§ 113A-74. Appalachian Trails System; connecting or side trails; coordination with the National Trails System Act.

Connecting or side trails may be established, designated and marked as components of the Appalachian Trail System by the Department of Environment and Natural Cultural Resources in consultation with the federal agencies charged with the responsibility for the administration and management of the Appalachian Trail in North Carolina. Criteria and standards of establishment will coincide with those set forth in the National Trails System Act (P.L. 90-543)."

SECTION 19.1(ff) G.S. 113A-75 reads as rewritten:
"§ 113A-75. Assistance under this Article with the National Trails System Act (PL 90-543).

(a) The Department of Administration in cooperation with other appropriate State departments shall consult with the federal agencies charged with the administration of the Appalachian Trail in North Carolina and develop a mutually agreeable plan for the orderly and coordinated acquisition of Appalachian Trail right-of-way and the associated tracts, as needed, to provide a suitable environment for the Appalachian Trail in North Carolina.

(b) The Department of Environment and Natural Cultural Resources and the federal agencies charged with the responsibility of the administration of the Appalachian Trail in North Carolina shall give due consideration to the conservation of the environment of the Appalachian Trail and, in accordance with the National Trails System Act, may obtain advice and assistance from local governments, Carolina Mountain Club, Nantahala Hiking Club, Piedmont Appalachian Trail Hikers, Appalachian Trail Conference, other interested organizations and individuals, landowners and land users concerned.

(c) The Board of Transportation shall cooperate and assist in carrying out the purposes of this Article and the National Trails System Act where their highway projects cross or may be adjacent to any component of the Appalachian Trail System.

(d) Lands acquired by the State of North Carolina within the 200-feet right-of-way of the Appalachian Trail and within the exterior boundaries of the Pisgah or Nantahala National Forests, will be conveyed to the United States Forest Service as the federal agency charged with the responsibility for the administration and management of the Appalachian Trail within these specific areas.

(e) Lands acquired by the State of North Carolina outside of the boundaries of the Appalachian Trail right-of-way will be administered by the appropriate State department in such a manner as to preserve and enhance the environment of the Appalachian Trail.

(f) In consultation with the Department of Environment and Natural Cultural Resources, the federal agency charged with the responsibility of the administration of the Appalachian Trail in North Carolina shall establish use regulations in accordance with the National Trails System Act.

(g) The use of motor vehicles on the trails of the North Carolina Appalachian Trail System may be authorized when such use is necessary to meet emergencies or to enable adjacent landowners to have reasonable access to their lands and timber rights provided that the granting of this access is in accordance with limitations and conditions of such use set forth in the National Trails System Act."

SECTION 19.1.(gg) G.S. 143B-334 reads as rewritten:
"§ 143B-334. North Carolina Trails Committee – members; selection; removal; compensation.
The North Carolina Trails Committee shall consist of seven members appointed by the Secretary of Environment and Natural Resources. Two members shall be from the mountain section, two from the Piedmont section, two from the coastal plain, and one at large. They shall as much as possible represent various trail users.

The initial members of the North Carolina Trails Committee shall be the members of the current North Carolina Trails Committee who shall serve for a period equal to the remainder of their current term on the North Carolina Trails Committee. At the end of the respective terms of office of the initial members of the Committee, the appointment of their successors shall be for staggered terms of four years and until their successors are appointed and qualify. Any appointment to fill a vacancy on the Committee created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term.

The Governor shall have the power to remove any member of the Committee from office in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

The Secretary of Environment and Natural Resources shall designate a member of the Committee to serve as chairman at the pleasure of the Governor.

Members of the Committee shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5 and G.S. 143B-15 of the Executive Organization Act of 1973.

SECTION 19.1.(hh) G.S. 113A-85 reads as rewritten:

"§ 113A-85. Definitions.

Except as otherwise required by context, the following terms when used in this Article shall be construed respectively to mean:

(1) "Department" means the North Carolina Department of Environment and Natural Resources.

(2) "Political subdivision" means any county, any incorporated city or town, or other political subdivision.

(3) "Scenic easement" means a perpetual easement in land which
a. Is held for the benefit of the people of North Carolina,
b. Is specifically enforceable by its holder or beneficiary, and
c. Limits or obligates the holder of the servient estate, his heirs, and assigns with respect to their use and management of land and activities conducted thereon, the object of such limitations and obligations being the maintenance or enhancement of the natural beauty of the land in question or of areas affected by it.

(4) "Secretary" means the Secretary of Environment and Natural Resources, except as otherwise specified in this Article.

..."
"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

…

(27) The Department of Cultural Resources' Division of North Carolina Aquariums with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143B-289.44.

(28) The Department of Cultural Resources' Division of Parks and Recreation with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143B-313.1, 113-35, and 113-44.16.

(29) The Department of Cultural Resources' North Carolina Zoological Park with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143-177.3, 143B-335, and 143B-336.1.

(30) The Department of Cultural Resources' North Carolina Museum of Natural Sciences Division with respect to operating hours and admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees pursuant to G.S. 143B-344.24.

SECTION 19.1.(kk) G.S. 12-3.1(c) is amended by adding the following new subdivision to read:

"(5) Admission fees or related activity fees such as educational program fees, facility rental fees, and parking fees at the Department of Cultural Resources' historic sites, museums, parks and recreation, aquariums, piers, and the zoological park."

SECTION 19.1.(ll) G.S. 143B-279.2 reads as rewritten:

"§ 143B-279.2. Department of Environment and Natural Resources – duties.

It shall be the duty of the Department:

(1) To provide for the protection of the environment;

(1a) To administer the State Outer Continental Shelf (OCS) Task Force and coordinate State participation activities in the federal outer continental shelf resource recovery programs as provided under the OCS Lands Act Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act Amendments of 1986 (43 USC §§ 1331 et seq.).

(1b) To provide for the protection of the environment and public health through the regulation of solid waste and hazardous waste management and the administration of environmental health programs.

(2) Repealed by Session Laws 1997-443, s. 11A.5, effective August 28, 1997.

(2a) To provide and keep a museum or collection of the natural history of the State and to maintain the North Carolina Biological Survey; and

(3) To provide for the management of the State's natural resources.

(4) Repealed by Session Laws 2011-145, s. 13.11, effective July 1, 2011."

EXEMPTION FOR CERTAIN ACTIVITIES

SECTION 19.2. G.S. 66-58(b)(9b) reads as rewritten:

"(9b) The Department of Cultural Resources for the sale of food pursuant to G.S. 111-47.2 and the sale of books, crafts, gifts, and other tourism-related items and revenues from public and private special events, activities, and programming at historic sites and museums, sites, museums, parks and recreation, the aquariums and piers, and the zoological park administered by
the Department, provided that the resulting profits are used to support the operation of historic sites or museums.

MODIFY EXEMPTION FOR HISTORIC SITES

SECTION 19.3.(a)  G.S. 121-7.3 reads as rewritten:

"§ 121-7.3. Admission and related activity fees and operating hours.

The Department of Cultural Resources may charge a reasonable admission and related activity fee to any historic site or museum administered by the Department. Admission and related activity fees collected under this section are receipts of the Department and shall be deposited in the appropriate special fund. The revenue collected pursuant to this section shall be used only for the individual historic site or museum where the receipts were generated. The Secretary may adopt rules necessary to carry out the provisions of this section. The Department is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees as provided in G.S. 143B-50(b) at historic sites and museums. The Department shall submit a report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of a fee change within 30 days following its effective date."

SECTION 19.3.(b)  G.S. 143B-71 reads as rewritten:

"§ 143B-71. Tryon Palace Commission – creation, powers and duties.

There is hereby created the Tryon Palace Commission of the Department of Cultural Resources with the power and duty to adopt, amend and rescind rules and regulations concerning the restoration and maintenance of the Tryon Palace complex, and other powers and duties as provided in Article 2 of Chapter 121 of the General Statutes of North Carolina, including the authority to charge reasonable admission and related activity fees. The Commission is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees as provided in G.S. 143B-50(b) at Tryon Palace Historic Sites and Gardens. The Commission shall submit a report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of a fee change within 30 days following its effective date."

SECTION 19.3.(c)  G.S. 143B-73 reads as rewritten:


There is hereby created the U.S.S. North Carolina Battleship Commission of the Department of Cultural Resources with the power and duty to adopt, amend, and rescind rules and regulations under and not inconsistent with the laws of this State necessary in carrying out the provisions and purposes of this Part.

(3) The Commission shall adopt rules and regulations consistent with the provisions of this Chapter. The Commission is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees as provided in G.S. 143B-50(b) at the U.S.S. North Carolina Battleship. The Commission shall submit a report to the Joint Legislative Commission on Governmental Operations on the amount and purpose of a fee change within 30 days following its effective date."

EXEMPT DEPARTMENT OF CULTURAL RESOURCES FROM E-PROCUREMENT

SECTION 19.4.  G.S. 143-48.3 is amended by adding a new subsection to read:

"(g) State-operated retail stores at historic sites, museums, parks and recreation, aquariums and piers, and the zoological park within the Department of Cultural Resources shall be exempt from participating in the North Carolina E-Procurement Service."
INTEGRATION OF PARKS PASS WITH VEHICLE REGISTRATION

SECTION 19.5. The Parks and Recreational Division is authorized to offer a vehicle pass to support the operations and centennial celebration of State Parks. The Division and the Department of Transportation are authorized to provide and accept payment for such a pass with vehicle registration, in addition to other sources. The Division shall report by September 15, 2015, on the feasibility and timing of such a system and develop a memorandum of understanding concerning administration of that system.

ROANOKE ISLAND COMMISSION

SECTION 19.6. G.S. 143B-131.7 is repealed.

PART XIX-A STATE TREASURER

NORTH CAROLINA VENTURE MULTIPLIER FUND

SECTION 19A.1.(a) G.S. 147-69.2(b) reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds. The State Treasurer may invest the funds as provided in this subsection. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the State Treasurer to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter.

…

(12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions apply:

a. With respect to assets of the Escheat Fund, in addition to those investments authorized by subdivisions (1) through (6) of this subsection, up to twenty percent (20%) of such assets may be invested in the investments authorized under subdivisions (7)(6c) through (9)(9a) of this subsection, notwithstanding the percentage limitations imposed on the Retirement Systems' investments under those subdivisions.

b. The State Treasurer shall engage a third-party professional actuary or consultant to conduct a valuation and projection of the financial status of the Escheat Fund. The associated costs for the services may be directly charged to the Escheat Fund. The State Treasurer shall communicate the valuation of the actuary or consultant in an annual report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the respective appropriations and appropriate substantive committees of each chamber. The annual report shall evaluate claims by owners upon the Escheat Fund, current and projected investment returns, and projected contributions to the Escheat Fund. In the report, the State Treasurer shall assess the status of utilizing the Escheat Fund as an endowment fund and shall recommend an annual amount available
for the funding of scholarships, loans, and grants from the Fund. The
annual report shall be presented no later than December 31 of each
year.

The State Treasurer shall invest, in addition to those investments
authorized by subdivision (12) of this subsection, ten percent (10%)
of the net assets of the Escheat Fund as authorized under G.S
147-69.2A.”

SECTION 19A.1.(b) Article 6 of Chapter 147 of the General Statutes is amended
by adding a new section to read:

§ 147-69.2A. Contracting authorized of investments for special funds held by the State
Treasurer.

(a) Purpose. – The purpose of this section is to establish a framework whereby the State
Treasurer may contract with a North Carolina nonprofit corporation to invest in long-term
illiquid investments, including those with a North Carolina nexus, in order to grow the amount
of earnings available for scholarships over the long-term.

(b) Contract. – The State Treasurer may contract with a North Carolina nonprofit
corporation to perform the duties set forth in G.S. 147-69.2(b)(12).

(c) Limitations. – Prior to contracting with a North Carolina nonprofit corporation
pursuant to this section, and in order for the North Carolina nonprofit corporation to receive
State funds, all of the following conditions shall be met:

(1) The nonprofit corporation adheres to the following governance provisions
related to its governing board:

a. The board shall be appointed by the Governor and composed of 9
voting members as follows. The chair and members of the board
shall each have with experience in one or more of the following
areas: (i) venture capital investment, (ii) innovation-based small
businesses, (iii) business ownership or management, (iv)
entrepreneurial activities, (v) early stage investment, (vi) investment
via fund-of-funds.

b. No State officer or employee may serve on the board.

(2) The nonprofit corporation shall contract with a qualified third party as
appropriate to carry out the functions authorized in this section.

(3) The nonprofit shall manage and invest these funds and any other private
funds made available.

(d) Report. – By September 30 of each year, and more frequently as requested, the State
Treasurer shall submit a report to the Governor, the Office of State Budget and Management,
the Joint Legislative Commission on Governmental Operations, and the Fiscal Research
Division on the performance for which the State Treasurer has contracted pursuant to this
section.

(e) Public Funds. – A North Carolina nonprofit corporation with which the State
Treasurer contracts pursuant to this section shall, in addition to any other requirements of this
section, comply with all of the following regarding the use of State funds:

(1) Funds deposited pursuant to this section shall remain the funds of the North
Carolina Escheat Fund.

(2) Interest or other investment income earned on funds deposited shall be
prorated and credited to the North Carolina Escheat Fund on the basis of the
amounts thereof contributed, figured according to sound accounting
principles.”

PART XX. OFFICE OF THE GOVERNOR
TRANSFERS ADVOCACY PROGRAMS FROM DEPARTMENT OF ADMINISTRATION

SECTION 20.1.(a) Article 9 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 14B. Office of Community Services.

§ 147-13.2. Office of Community Services.

There is hereby established the Office of Community Services located administratively in the Office of the Governor. The Office of State Human Resources shall be responsible for human resources support. The Office of State Budget and Management shall be responsible for budgetary support."

SECTION 20.1.(b) The North Carolina Commission of Indian Affairs is hereby transferred from the Department of Administration to the Office of Community Services. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 20.1.(c) G.S. 143B-404 reads as rewritten:

§ 143B-404. North Carolina State Commission of Indian Affairs – creation; name.

There is hereby created and established the North Carolina State Commission of Indian Affairs. The Commission shall be administered under the direction and supervision of the Department of Administration pursuant to G.S. 143A-6(b) and (c) Office of the Governor."

SECTION 20.1.(d) G.S. 143B-410 reads as rewritten:

§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical staff.

Fiscal records shall be kept by the Secretary of Office of Fiscal Management of the Department of Administration. The audit report will become a part of the annual report and will be submitted in accordance with the regulations governing preparation and submission of the annual report."

SECTION 20.1.(e) The North Carolina Council for Women is hereby transferred from the Department of Administration to the Office of Community Services. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 20.1.(f) G.S. 143B-393 reads as rewritten:


There is hereby created the North Carolina Council for Women of the Department of Administration. Women. The North Carolina Council of Women is established in the Office of Community Services. The North Carolina Council for Women shall have the following functions and duties:

(1) To advise the Governor, the principal State departments, and the State legislature concerning the education and employment of women in the State of North Carolina.

(2) To advise the Secretary of Administration upon any matter the Secretary of Governor may refer to the Council.

(3) Repealed by Session Laws 2013-360, s. 30.2(b), effective July 1, 2013."

SECTION 20.1.(g) G.S. 143B-394 reads as rewritten:


The North Carolina Council for Women of the Department of Administration Women shall consist of 20 members appointed by the Governor. The initial members of the Council shall be the appointed members of the North Carolina Council for Women, three of whose appointments expire June 30, 1977, and four of whose appointments expire June 30, 1978. Thirteen additional members shall be appointed in 1977, six of whom shall serve terms expiring June 30, 1978, and seven of whom shall serve terms expiring June 30, 1979. At the
ends of the respective terms of office of the initial members of the Council and of the 13
members added in 1977, the appointment of their successors shall be for terms of two years and
until their successors are appointed and qualify. Any appointment to fill a vacancy on the
Council created by the resignation, dismissal, death, or disability of a member shall be for the
balance of the unexpired term. Members of the Council shall be representative of age, sex,
ethnic and geographic backgrounds.

The Governor shall have the power to remove any member of the Council from office in
accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

The Governor shall designate a member of the Council to serve as chairman at the pleasure
of the Governor.

Members of the Council shall receive per diem and necessary travel and subsistence
expenses in accordance with the provisions of G.S. 138-5.

A majority of the Council shall constitute a quorum for the transaction of business.

All clerical and other services required by the Council shall be supplied by the Secretary of
Administration, Office of Community Services."

SECTION 20.1.(h) The Office of Coordinator of Services for Victims of Sexual
Assault is hereby transferred from the Department of Administration to the Office of
Community Services. This transfer shall have all of the elements of a Type I transfer, as
described in G.S. 143A-6.

"(a) The Sexual Assault and Rape Crisis Center Fund is established within the State
Treasury. The fund shall be administered by the Office of Fiscal Management of the
Department of Administration, North Carolina Council for Women, and shall be used to make
grants to centers for victims of sexual assault or rape crisis and to the North Carolina Coalition
Against Sexual Assault, Inc. This fund shall be administered in accordance with the provisions
of the State Budget Act under Chapter 143C of the General Statutes. The Department of
Administration shall make quarterly grants to each eligible sexual assault or rape crisis center
and to the North Carolina Coalition Against Sexual Assault, Inc. To be eligible to receive funds
under this section, a sexual assault or rape crisis center shall meet the following requirements:

...."

SECTION 20.1.(i) G.S. 143B-394.21(a) reads as rewritten:

"(a) The office of Coordinator of Services for Victims of Sexual Assault is hereby
created in the Department of Administration, Office of Community Services. The office shall be
under the direction and supervision of a full-time salaried State employee who shall be
designated as the State Coordinator. The State Coordinator shall be appointed by the Secretary
of the Department of Administration, Governor and shall receive a salary commensurate with
State government pay schedules for the duties of this office, or such salary to be set by the State
Human Resources Commission pursuant to G.S. 126-4. Necessary travel allowance or
reimbursement for expenses shall be authorized for the State Coordinator in accordance with
G.S. 138-6. Sufficient clerical staff shall be provided under the direction of the Secretary of the
Department of Administration, Office of Community Services."

SECTION 20.1.(k) The North Carolina Human Relations Commission is hereby
transferred from the Department of Administration to the Office of Community Services. This
transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

"§ 143B-391. North Carolina Human Relations Commission – Creation; powers and
duties.

There is hereby created the North Carolina Human Relations Commission of the
Department of Administration. Commission. The Commission is established within the Office
of Community Services. The North Carolina Human Relations Commission shall have the
following functions and duties:
SECTION 20.1.(m)  G.S. 143B-392(d) reads as rewritten:

"(d) All clerical and support services required by the Commission shall be supplied by the Secretary of the Department of Administration-Office of Community Services."

SECTION 20.1.(n) The Domestic Violence Commission is hereby transferred from the Department of Administration to the Office of Community Services. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 20.1.(o)  G.S. 143B-394.15 reads as rewritten:

§ 143B-394.15.  Commission established; purpose; membership; transaction of business.

(a) Establishment. – There is established the Domestic Violence Commission. The Commission shall be located within the Department of Administration-Office of Community Services for organizational, budgetary, and administrative purposes.

... 

(l) Staffing. – The Secretary of the Department of Administration-Office of Community Services shall be responsible for staffing the Commission."

SECTION 20.1.(p)  The Martin Luther King, Jr. Commission is hereby transferred from the Department of Administration to the Office of Community Services. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 20.1.(q)  G.S. 143B-426.34A reads as rewritten:

§ 143B-426.34A.  Martin Luther King, Jr. Commission – creation; powers and duties.

There is hereby created the Martin Luther King, Jr. Commission of the Department of Administration. The Commission is established within the Office of Community Services. The Martin Luther King, Jr. Commission shall have the following functions and duties:

(1) To encourage appropriate ceremonies and activities throughout the State relating to the observance of the legal holiday honoring Martin Luther King, Jr.’s birthday;

(2) To provide advice and assistance to local governments and private organizations across the State with respect to the observance of such holiday; and

(3) To promote among the people of North Carolina an awareness and appreciation of the life and work of Martin Luther King, Jr."

SECTION 20.1.(r)  G.S. 143B-426.34B reads as rewritten:

§ 143B-426.34B.  Martin Luther King, Jr. Commission – members; selection; quorum; compensation.

(a) The Martin Luther King, Jr. Commission of the Department of Administration shall consist of 16 members. The Governor shall appoint 12 members, one of whom he shall designate as the chair of the Commission. The Governor shall make reasonable efforts to assure that his appointees are equally distributed geographically throughout the State. The President Pro Tempore of the Senate shall appoint two members and the Speaker of the House of Representatives shall appoint two members. The terms of four of the members appointed by the Governor shall expire June 30, 1997. The terms of four of the members appointed by the Governor shall expire June 30, 1996. The terms of four of the members appointed by the Governor shall expire June 30, 1995. At the end of the respective terms of office of the initial members of the Commission, the appointment of their successors shall be for terms of four years. No member of the Commission shall serve more than two consecutive terms. A member having served two consecutive terms shall be eligible for reappointment one year after the expiration of the second term. A member who fails to attend any three meetings of the Commission shall be dismissed automatically from the Commission upon failure to attend the third such meeting. Provided, however, that the

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Commission may, by majority vote, reinstate any such dismissed member for the remainder of the unexpired term for good cause shown for failing to attend the meetings. Vacancies shall be filled by the appointing officer for the unexpired term.

(b) A majority of the Commission shall constitute a quorum for the transaction of business.

(c) Members of the Commission shall be compensated for their services as authorized by G.S. 138-5. Members of the Commission who are State officials or employees shall be reimbursed as authorized by G.S. 138-6.

(d) The Department of Administration–Office of Community Services shall provide necessary clerical and administrative support services to the Commission.

SECTION 20.1.(s) The Office for Historically Underutilized Businesses is hereby transferred from the Department of Administration to the Office of Community Services. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 20.1.(t) G.S. 143-48.4 reads as rewritten:

"§ 143-48.4. Statewide uniform certification of historically small and underutilized businesses.

(a) In addition to the powers and duties provided in G.S. 143-49, the Secretary of Administration–The Governor shall have the power, authority, and duty to:

(1) Develop and administer a statewide uniform program for: (i) the certification of a historically underutilized business, as defined in G.S. 143-128.4, for use by State departments, agencies, and institutions, and political subdivisions of the State; and (ii) the creation and maintenance of a database of the businesses certified as historically underutilized businesses.

(2) Adopt rules and procedures for statewide uniform certification of historically underutilized businesses. Develop and administer a statewide uniform program for (i) the certification of a small business, as defined in G.S. 143-128.5, for use by State agencies, departments, and institutions, and political subdivisions of the State; and (ii) the creation and maintenance of a database of the business certified as small businesses.

(3) Provide for the certification of all businesses designated as small and historically underutilized businesses to be used by State departments, agencies, and institutions, and political subdivisions of the State.

(b) The Secretary of Administration–Governor shall seek input from State departments, agencies, and institutions, political subdivisions of the State, and any other entity deemed appropriate to determine the qualifications and criteria for statewide uniform certification of small businesses or historically underutilized businesses.

(c) Only businesses certified in accordance with this section shall be considered by State departments, agencies, and institutions, and political subdivisions of the State as small or historically underutilized businesses for small business or minority business participation purposes under this Chapter.

(d) The Office of Small and Historically Underutilized Businesses may adopt rules and procedures for statewide uniform certification of small or historically underutilized businesses."

SECTION 20.1.(u) G.S. 143-128.2 reads as rewritten:

"§ 143-128.2. Minority business participation goals.

(a) The State shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each State building project, including building projects done by a private entity on a facility to be leased or purchased by the State. A local government unit or other public or private entity that receives State appropriations for a building project or other State grant funds for a building project, including a building project done by a private entity on a facility to be leased or purchased by the local government unit, where the project cost is one hundred thousand dollars ($100,000) or more, shall have a
verifiable ten percent (10%) goal for participation by minority businesses in the total value of the work; provided, however, a local government unit may apply a different verifiable goal that was adopted prior to December 1, 2001, if the local government unit had and continues to have a sufficiently strong basis in evidence to justify the use of that goal. On State building projects and building projects subject to the State goal requirement, the Secretary of Small and Historically Underutilized Businesses shall after consulting with the Secretary of the Department of Administration identify the appropriate percentage goal, based on adequate data, for each category of minority business as defined in G.S. 143-128.2(g)(1) based on the specific contract type.

Except as otherwise provided for in this subsection, each city, county, or other local public entity shall adopt, after a notice and public hearing, an appropriate verifiable percentage goal for participation by minority businesses in the total value of work for building projects. Each entity required to have verifiable percentage goals under this subsection shall make a good faith effort to recruit minority participation in accordance with this section or G.S. 143-131(b), as applicable.

(f) A public entity shall require bidders to undertake the following good faith efforts to the extent required by the Secretary of Small and Historically Underutilized Businesses on projects subject to this section. The Secretary shall adopt rules establishing points to be awarded for taking each effort and the minimum number of points required, depending on project size, cost, type, and other factors considered relevant by the Secretary. In establishing the point system, the Secretary of Small and Historically Underutilized Businesses may not require a contractor to earn more than fifty (50) points, and the Secretary of Small and Historically Underutilized Businesses must assign each of the efforts listed in subdivisions (1) through (10) of this subsection at least 10 points. The public entity may require that additional good faith efforts be taken, as indicated in its bid specifications. Good faith efforts include:

... Working with minority trade, community, or contractor organizations identified by the Office of Small and Historically Underutilized Businesses and included in the bid documents that provide assistance in recruitment of minority businesses.

..."

"§ 143-128.3. Minority business participation administration."

(a) All public entities subject to G.S. 143-128.2 shall report to the Department of Administration, Office of Small and Historically Underutilized Business (Office) the following with respect to each building project:

(1) The verifiable percentage goal.

(2) The type and total dollar value of the project, minority business utilization by minority business category, trade, total dollar value of contracts awarded to each minority group for each project, the applicable good faith effort guidelines or rules used to recruit minority business participation, and good faith documentation accepted by the public entity from the successful bidder.

(3) The utilization of minority businesses under the various construction methods under G.S. 143-128(a1).

The reports shall be in the format and contain the data prescribed by the Secretary of Administration, Office of Small and Historically Underutilized Businesses. The University of North Carolina and the State Board of Community Colleges shall report quarterly and all other public entities shall report semiannually. The Secretary Office of Small and Historically Underutilized Businesses of the Department of Administration shall make reports every six
months to the Joint Legislative Committee on Governmental Operations on information
reported pursuant to this subsection.

(b) A public entity that has been notified by the Secretary—Office of Small and
Historically Underutilized Businesses of its failure to comply with G.S. 143-128.2 on a project
shall develop a plan of compliance that addresses the deficiencies identified by the Secretary—
Office of Small and Historically Underutilized Businesses. The corrective plan shall apply to
the current project or to subsequent projects under G.S. 143-128, as appropriate, provided that
the plan must be implemented, at a minimum, on the current project to the extent feasible. If the
public entity, after notification from the Secretary—Office of Small and Historically
Underutilized Businesses fails to file a corrective plan, or if the public entity does not
implement the corrective plan in accordance with its terms, the Secretary—Office shall require
one or both of the following:

(1) That the public entity consult with the Department of Administration—Office
of Small and Historically Underutilized Businesses on the development of a
new corrective plan, subject to the approval of the Department—Office and
the Attorney General. The public entity may designate a representative to
appear on its behalf, provided that the representative has managerial
responsibility for the construction project.

(2) That the public entity not bid another contract under G.S. 143-128 without
prior review by the Department—Office and the Attorney General of a good
faith compliance plan developed pursuant to subdivision (1) of this
subsection. The public entity shall be subject to the review and approval of
its good faith compliance plan under this subdivision with respect to any
projects bid pursuant to G.S. 143-128 during a period of time determined by
the Secretary—Office, not to exceed one year.

A public entity aggrieved by the decision of the Secretary may file a contested case
proceeding under Chapter 150B of the General Statutes.

(c) The Secretary—Office of Small and Historically Underutilized Businesses shall study
and recommend to the General Assembly and other State agencies ways to improve the
effectiveness and efficiency of the State capital facilities development, minority business
participation program and good faith efforts in utilizing minority businesses as set forth in
G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased
utilization of minority businesses.

(d) The Secretary—Office of Small and Historically Underutilized Businesses shall
appoint an advisory board to develop recommendations to improve the recruitment and
utilization of minority businesses. The Secretary—Office of Small and Historically
Underutilized Businesses, with the input of its advisory board, shall review the State's programs
for promoting the recruitment and utilization of minority businesses involved in State capital
projects and shall recommend to the General Assembly, the State Construction Office, The
University of North Carolina, and the community colleges system changes in the terms and
conditions of State laws, rules, and policies that will enhance opportunities for utilization of
minority businesses on these projects. The Secretary shall provide guidance to these agencies
on identifying types of projects likely to attract increased participation by minority businesses
and breaking down or combining elements of work into economically feasible units to facilitate
minority business participation.

(e) The Secretary—Office of Small and Historically Underutilized Businesses shall adopt
rules for State entities, The University of North Carolina, and community colleges and shall
adopt guidelines for local government units to implement the provisions of G.S. 143-128.2.

(e1) Repealed by Session Laws 2007-392, s. 3, effective October 1, 2007.

(f) The Secretary—Office of Small and Historically Underutilized Businesses shall
provide the following information to the Attorney General:
(1) Failure by a public entity to report data to the Secretary in accordance with this section.

(2) Upon the request of the Attorney General, any data or other information collected under this section.

(3) False statements knowingly provided in any affidavit or documentation under G.S. 143-128.2 to the State or other public entity. Public entities shall provide to the Secretary Office information concerning any false information knowingly provided to the public entity pursuant to G.S. 143-128.2.

(g) The Secretary Office of Small and Historically Underutilized Businesses shall report findings and recommendations as required under this section to the Joint Legislative Committee on Governmental Operations annually on or before June 1, beginning June 1, 2002.

SECTION 20.1.(w) G.S. 143-128.4 reads as rewritten:

"§ 143-128.4. Historically underutilized business defined; statewide uniform certification.

(a) As used in this Chapter, the term "historically underutilized business" means a business that meets all of the following conditions:

(1) At least fifty-one percent (51%) of the business is owned by one or more persons who are members of at least one of the groups set forth in subsection (b) of this section, or in the case of a corporation, at least fifty-one percent (51%) of the stock is owned by one or more persons who are members of at least one of the groups set forth in subsection (b) of this section.

(2) The management and daily business operations are controlled by one or more owners of the business who are members of at least one of the groups set forth in subsection (b) of this section.

(3) The business is certified as a small business pursuant to G.S. 143-128.5.

(a1) As used in this Chapter, the term "minority business" means a historically underutilized business.

(b) To qualify as a historically underutilized business under this section, a business must be owned and controlled as set forth in subsection (a) of this section by one or more citizens or lawful permanent residents of the United States who are members of one or more of the following groups:

(1) Black. – A person having origins in any of the black racial groups of Africa.

(2) Hispanic. – A person of Spanish or Portuguese culture having origins in Mexico, South or Central America, or the Caribbean islands, regardless of race.

(3) Asian American. – A person having origins in any of the original peoples of the Far East, Southeast Asia, Asia, Indian continent, or Pacific islands.

(4) American Indian. – A person having origins in any of the original Indian peoples of North America.

(5) Female.

(6) Disabled. – A person with a disability as defined in G.S. 168-1 or G.S. 168A-3.


(c) In addition to the powers and duties provided in G.S. 143-49, the Secretary of Administration shall have the power, authority, and duty to:

(1) Develop and administer a statewide uniform program for: (i) the certification of a historically underutilized business, as defined in this section, for use by State departments, agencies, and institutions, and political subdivisions of the State; and (ii) the creation and maintenance of a database of the businesses certified as historically underutilized businesses.
Adopt rules and procedures for the statewide uniform certification of historically underutilized businesses.

Provide for the certification of all businesses designated as historically underutilized businesses to be used by State departments, agencies, and institutions, and political subdivisions of the State.

The Secretary of Administration shall seek input from State departments, agencies, and institutions, political subdivisions of the State, and any other entity deemed appropriate to determine the qualifications and criteria for statewide uniform certification of historically underutilized businesses.

Only businesses certified in accordance with this section shall be considered by State departments, agencies, and institutions, and political subdivisions of the State as historically underutilized businesses for minority business participation purposes under this Chapter.

The Office of Small and Historically Underutilized Businesses may adopt rules and procedures for statewide uniform certification of small or historically underutilized businesses."

**SECTION 20.1.(x)** Article 8 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-128.5. Small business defined; statewide uniform certification.

(a) As used in this section, the term "small business" means a business that meets all of the following conditions:

(1) The gross annual income of the business for State tax purposes for any one of the previous three fiscal years has not exceeded the industry threshold established by the Office of Small and Historically Underutilized Businesses.

(2) The business must be solely owned and operated by one or more natural citizens or lawful permanent residents all of whom are domiciled in the State of North Carolina.

(3) The business may not employ more full-time or part-time employees than the industry threshold established by the Office of Small and Historically Underutilized Businesses.

(4) The business may not be a subsidiary of any other business or entity.

(5) The business must have its principal place of business in the State of North Carolina.

(b) The Governor shall have the power, authority, and duty to do the following:

(1) Develop and administer a statewide uniform program for (i) the certification of a small business, as defined in this section, for use by State departments, agencies, and institutions, and political subdivisions of the State and (ii) the creation and maintenance of a database of the businesses certified as small businesses.

(2) Provide for the certification of all businesses designated as small businesses to be used by State departments, agencies, and institutions, and political subdivisions of the State.

(c) The Governor shall seek input from State departments, agencies, and institutions, political subdivisions of the State, and any other entity deemed appropriate to determine the qualifications and criteria for statewide uniform certification of small businesses.

(e) Only businesses certified in accordance with this section shall be considered by State departments, agencies, and institutions, and political subdivisions of the State as small businesses for small business participation purposes under this section.

(g) The entity seeking certification as a small business under this section shall maintain and make available for inspection by the Office of Small and Historically Underutilized Businesses any records the Office of Small and Historically Underutilized Businesses considers
necessary to determine and verify that the conditions of set forth herein have and continue to be met by the business entity. The burden of proving eligibility for the small business certification rests upon the business entity seeking certification."

SECTION 20.1.(y) The Division of Nonpublic Education within the Department of Administration is hereby transferred to the Office of the Governor by a Type I transfer, as described in G.S. 143A-6.

SECTION 20.1.(z) G.S. 115C-548 reads as rewritten:

"§ 115C-548. Attendance; health and safety regulations.

Each private church school or school of religious charter shall make, and maintain annual attendance and disease immunization records for each pupil enrolled and regularly attending classes. Attendance by a child at any school to which this Part relates and which complies with this Part shall satisfy the requirements of compulsory school attendance so long as the school operates on a regular schedule, excluding reasonable holidays and vacations, during at least nine calendar months of the year. Each school shall be subject to reasonable fire, health and safety inspections by State, county and municipal authorities as required by law.

The Division of Nonpublic Education, Department of Administration, Education in the Office of the Governor shall ensure that materials are provided to these schools so that they can provide parents and guardians with information about meningococcal meningitis and influenza and their vaccines at the beginning of every school year. This information may be provided electronically or on the Division's Web page. This information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, Education shall also ensure that materials are provided to these schools so that they can provide parents and guardians with information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information may be provided electronically or on the Division's Web page. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, Education shall also ensure that information is available to these schools so that they can provide information annually on the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

The Division of Nonpublic Education, Department of Administration, Education shall also ensure that information is available to these schools so that they can provide information on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500."

SECTION 20.1.(aa) G.S. 115C-556 reads as rewritten:

"§ 115C-556. Attendance; health and safety regulations.

Each qualified nonpublic school shall make, and maintain annual attendance and disease immunization records for each pupil enrolled and regularly attending classes. Attendance by a child at any school to which this Part relates and which complies with this Part shall satisfy the requirements of compulsory school attendance so long as the school operates on a regular schedule, excluding reasonable holidays and vacations, during at least nine calendar months of the year. Each school shall be subject to reasonable fire, health and safety inspections by State, county and municipal authorities as required by law.

The Division of Nonpublic Education, Department of Administration, Education in the Office of the Governor shall ensure that materials are provided to each qualified nonpublic
school so that the school can provide parents and guardians with information about meningococcal meningitis and influenza and their vaccines at the beginning of every school year. This information may be provided electronically or on the Division's Web page. This information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, Education shall also ensure that materials are provided to each qualified nonpublic school so that the school can provide parents and guardians with information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information may be provided electronically or on the Division's Web page. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, Education shall also ensure that information is available to each qualified nonpublic school so that the school can provide information annually on the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

The Division of Nonpublic Education, Department of Administration, Education shall also ensure that information is available to each qualified nonpublic school so that the school can provide information on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500.

SECTION 20.1.(bb) G.S. 115C-562.1(2) reads as rewritten:

"§ 115C-562.1. Definitions.

The following definitions apply in this Part:

... (2) Division. – The Division of Nonpublic Education, Department of Administration, Education in the Office of the Governor."

SECTION 20.1.(cc) G.S. 115C-563 reads as rewritten:

"§ 115C-563. Definitions.

As used in this Part or Parts 1 and 2 of this Article:

(a) "Home school" means a nonpublic school consisting of the children of not more than two families or households, where the parents or legal guardians or members of either household determine the scope and sequence of academic instruction, provide academic instruction, and determine additional sources of academic instruction.

(b) "Duly authorized representative of the State" means the Director, Division of Nonpublic Education, or his staff Governor's designee."

SECTION 20.1.(dd) G.S. 115-565 reads as rewritten:

"§ 115C-565. Requirements exclusive.

No school which complies with this Part shall be subject to any other provision of law relating to education except requirements of law respecting immunization. The Division of Nonpublic Education, Department of Administration, Education in the Office of the Governor shall provide to home schools information about meningococcal meningitis and influenza and their vaccines. This information may be provided electronically or on the Division's Web page. The information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, Education shall also provide to home schools information about cervical cancer, cervical dysplasia, human
papillomavirus, and the vaccines available to prevent these diseases. This information may be
provided electronically or on the Division's Web page. This information shall include the
causes and symptoms of these diseases, how they are transmitted, how they may be prevented
by vaccination, including the benefits and possible side effects of vaccination, and the places
where parents and guardians may obtain additional information and vaccinations for their
children.

The Division of Nonpublic Education, Department of Administration, Education shall also
provide to home schools information on the preventable risks for preterm birth in subsequent
pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs,
and inadequate prenatal care. This information may be provided electronically or on the
Division's Web page.

The Division of Nonpublic Education, Department of Administration, Education shall also
provide to home schools information on the manner in which a parent may lawfully abandon a
newborn baby with a responsible person, in accordance with G.S. 7B-500. This information
may be provided electronically or on the Division's Web page."

SECTION 20.1.(ee) G.S. 115C-566 reads as rewritten:

"§ 115C-566. Driving eligibility certificates; requirements.

(a) The Secretary of Administration, upon consideration of the advice of the Division of
Nonpublic Education in the Department of Administration and Office of the Governor, upon
the consideration of advice of representatives of nonpublic schools, shall adopt rules for the
procedures a person who is or was enrolled in a home school, in a nonpublic school that is not
accredited by the State Board of Education, or in an educational program found by a court,
prior to July 1, 1998, to comply with the compulsory attendance law, must follow and the
requirements that person must meet to obtain a driving eligibility certificate. The procedures
shall provide that the person who is required under G.S. 20-11(n) to sign the driving eligibility
certificate must provide the certificate if he or she determines that one of the following
requirements is met:

(1) The person seeking the certificate is eligible for the certificate under
G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).

(2) The person seeking the certificate is eligible for the certificate under
G.S. 20-11(n)(1) and G.S. 20-11(n1).

The rules shall define exemplary student behavior, define what constitutes the successful
completion of a drug or alcohol treatment counseling program, and provide for an appeal to an
appropriate educational entity by a person who is denied a driving eligibility certificate. The
Division of Nonpublic Education also shall develop policies as to when it is appropriate to
notify the Division of Motor Vehicles that a person who is or was enrolled in a home school or
in a nonpublic school that is not accredited by the State Board of Education no longer meets the
requirements for a driving eligibility certificate.

(b) The Secretary of Administration Division of Nonpublic Education shall develop a
form for parents, guardians, or emancipated juveniles, as appropriate, to provide their written,
irrevocable consent for a school to disclose to the Division of Motor Vehicles that the student
no longer meets the conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or
G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to comply with
G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection the student
is no longer eligible, no other details or information concerning the student’s school record shall
be released pursuant to this consent. This form shall be used for students enrolled in home
schools or nonpublic schools.

(c) In accordance with rules adopted by the Secretary Division of Nonpublic Education
under this section, persons who are required to sign driving eligibility certificates that meet the
conditions established in G.S. 20-11 shall obtain the necessary written, irrevocable consent
from parents, guardians, or emancipated juveniles, as appropriate, in order to disclose
information to the Division of Motor Vehicles and shall notify the Division of Motor Vehicles when a student who holds a driving eligibility certificate no longer meets the conditions under G.S. 20-11(n)(1) or G.S. 20-11(n1)."

UNIVERSITY INNOVATION COMMERCIALIZATION GRANT PROGRAM

SECTION 20.2.(a) Purpose. – In order to increase the number of high-tech start-up companies and enhance job creation resulting from research conducted by North Carolina’s universities and research-focused nonprofit corporations, the University Innovation Commercialization Grant Program is established.

SECTION 20.2.(b) Funding. – The sum of two million five hundred thousand dollars ($2,500,000) for fiscal year 2015-2016 and five million dollars ($5,000,000) for fiscal year 2016-2017 and subsequent years is appropriated to a reserve in the Office of State Budget and Management for the University Innovation Commercialization Grant Program.

SECTION 20.2.(c) Grants. – The Office of Science, Technology, and Innovation in the Department of Commerce shall establish a competitive award process to provide funding to develop and implement processes for technology proof of concept, validation, IP protection and early/mid-stage product development/production, commercialization and translation for technologies developed by North Carolina Universities.

SECTION 20.2.(d) Eligibility. – Upon recommendation and guidance from a nonprofit corporation contracted pursuant to this section, the Department of Commerce may make grant awards from the funds provided in subsection (b) of this section only to a:

(1) Constituent institution of The University of North Carolina.

(2) Private college or university located in North Carolina.

SECTION 20.2.(e) Administration. – The Department of Commerce may use up to ten percent (10%) of funds provided in this section to contract with one or more nonprofit corporations to assist with the following:

(1) Select university technologies for development based on commercial potential;

(2) Create a development plan of key activities to make the technologies more attractive to investors;

(3) Guide implementation of these activities to assure efficient deployment of funds and commercial-quality results.

Each nonprofit organization must demonstrate expertise in either life science technologies including medical, biological, agricultural or non-life sciences technologies including information technology, materials and cyber security.

SECTION 20.2.(f) Reports. – The Office of Science, Technology, and Innovation in the Department of Commerce and nonprofit corporation selected in subsection (c) of this section shall provide an annual report to the Office of State Budget and Management and Fiscal Research Division of the General Assembly no later than January 1 of each fiscal year. The report shall detail expenditures and grants made from these funds and provide evidence of return on investment, including, but not limited to, (i) the number of technologies brought to market; (ii) the number of new companies founded; and (iii) data on jobs created, including occupational classifications and salary ranges.

SECTION 20.2.(g) Oversight. – The Department of Commerce, in consultation with the Office of State Budget and Management, shall provide monitoring and oversight of the performance of a contract entered into pursuant to this section with a North Carolina nonprofit corporation, and of the funds granted to institutes of higher education.

SECTION 20.2.(h) Public Funds. – A North Carolina nonprofit corporation or institute of higher education with which the Department contracts or grants funds pursuant to this section shall use interest earned on State funds after receipt of the funds by the nonprofit corporation only for the same purposes identified in subsection (c) of this section.
PART XXI. NC HOUSING FINANCE AGENCY

COMMUNITY LIVING HOUSING FUND

SECTION 21.1.(a) The North Carolina Housing Finance Agency shall have the authority to expend funds in the Community Living Housing Fund in the amount of two million eight hundred ninety-three thousand four hundred nine dollars ($2,893,409). These Department of Justice settlement funds were carried forward by the Department of Health and Human Services from FY 2013-2014 to FY 2014-2015 and then transferred to the North Carolina Housing Finance Agency's Community Living Housing Fund in FY 2014-2015 as authorized by Section 8 of S.L. 2013-397.

SECTION 21.1.(b) G.S. 122E-3.1(c) reads as rewritten:

"(c) Use of Funds – The North Carolina Housing Finance Agency, in consultation with the Department of Health and Human Services, shall be responsible for administering the Community Living Housing Fund. The monies in the Fund shall be available for expenditure only upon an act of appropriation by the General Assembly and only for the following purposes:

(1) To provide permanent community-based housing in integrated settings appropriate for individuals with severe mental illness and severe and persistent mental illness.

(2) To support an increase in the number of targeted units for individuals with disabilities located in housing projects funded by the Housing Finance Agency from ten percent (10%) to fifteen percent (15%). The additional targeted units funded shall be made available to the Department of Health and Human Services for use in the North Carolina Supportive Housing Program under Article 1B of Chapter 122C of the General Statutes. Priority for funding of the additional targeted units shall be given to units to be located in catchment areas identified by the Department of Health and Human Services, in consultation with the North Carolina Housing Finance Agency and LME/MCOs, as having the greatest need for targeted units."

PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT

SHARED SAVINGS PILOT

SECTION 22.1. For the 2015-2017 fiscal biennium, notwithstanding any provision of law to the contrary and subject to the availability of funds, the Director of the Budget may authorize that up to fifty percent (50%) of any unspent credit balance remaining in a budget code at the end of each fiscal year may be carried forward to the next fiscal year in that same budget code for one-time expenditures and shall be appropriated for that purpose; provided, however, the expenditures shall not impose additional recurring financial obligations on the State and shall not be used to support positions. The amount carried forward in each budget code under this section shall not exceed two and one-half percent (2.5%) of the General Fund appropriation for that budget code.

BUDGETING SALARY

SECTION 22.2. G.S. 143C-6-9 reads as rewritten:

"§ 143C-6-9. Use of lapsed salary savings.

"Lapsed salary savings may be expended only for nonrecurring purposes or line items, except for savings from anticipated turnover and vacancy, which may be expended for recurring purposes or line items upon approval of the Director of the Budget."

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WORKERS' COMPENSATION EXPENDITURES IN CERTIFIED BUDGET

SECTION 22.3. The Office of State Budget and Management, in conjunction with the Office of State Human Resources, shall develop a plan to establish specific line-item budget amounts in the certified budget for workers' compensation claims. The plan shall identify the funding sources for the budget amounts.

SYMPHONY CHALLENGE GRANT

SECTION 22.4.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2015-2016 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least eight million dollars ($8,000,000) in non-State funds for the 2015-2016 fiscal year and at least eight million dollars ($8,000,000) in non-State funds for the 2016-2017 fiscal year. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this section.

SECTION 22.4.(b) For the 2015-2016 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management as follows:

(1) Upon raising the initial sum of four million dollars ($4,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of five hundred thousand dollars ($500,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of five hundred thousand dollars ($500,000).

(3) Upon raising an additional sum of two million ($2,000,000) in non-State funding for a total amount of eight million dollars ($8,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of five hundred thousand dollars ($500,000) in the 2015-2016 fiscal year.

SECTION 22.4.(c) For the 2016-2017 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management as follows:

(1) Upon raising the initial sum of four million dollars ($4,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of five hundred thousand dollars ($500,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of five hundred thousand dollars ($500,000).

(3) Upon raising an additional sum of two million ($2,000,000) in non-State funding for a total amount of eight million dollars ($8,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of five hundred thousand dollars ($500,000) in the 2016-2017 fiscal year.

GRANTS OVERSIGHT

SECTION 22.5. G.S. 143C-6-23 reads as rewritten:

§ 143C-6-23. State assistance and grant funds: administration; oversight and reporting requirements.

(a) Definitions. – The following definitions apply in this section:
(1) Contractor. – an entity subject to the contractor requirements, as well as any entity that would be subject to the contractor requirements but for a specific statute or rule exempting that entity from the contractor requirements.

(1a) Contractor requirements. – Article 3, 3C, 3D, 3E, 3G or 8 of the Chapter 143 of the General Statutes and related Administrative Code Rules.

(1b) Grant or grant funds. – State assistance. – State funds disbursed as a grant by a State agency; however, the terms do not include any payment made by the Medicaid program, the State Health Plan for Teachers and State Employees, or other similar medical programs, agency as a grant, cooperative agreement, non-cash contribution, food commodities, direct appropriation or other transfer of funds to a grantee as defined in subdivision (2) of this subsection.

(2) Grantee. – A non-State entity that receives State funds as a grant from a State agency but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission entity, not subject to the audit and other reporting requirements of the Local Government Commission, that receives or holds State assistance funds and does not meet the definition of Contractor as defined in subdivision (1) of this subsection.

(3) Encumbrance. – A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided, or other legally binding agreement. A financial obligation is not an encumbrance for purposes of this section unless it (i) is in writing and has been signed by a person or entity who has authority to legally bind the grantee or subgrantee to spend the funds or (ii) was created by the provision of goods or services to the grantee or subgrantee by a third party under circumstances that create a legally binding obligation to pay for the goods or services.

(4) Subgrantee. – A non-State entity that receives State funds as a grant from a grantee or from another subgrantee but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission meets the definition of a "grantee" as defined in subdivision (2) of this subsection that receives or holds State assistance funds from a grantee or other subgrantee and not directly from the State.

(b) Conflict of Interest Policy. – Every grantee shall file with the State agency disbursing funds to the grantee a copy of that grantee’s policy addressing conflicts of interest that may arise involving the grantee’s management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee’s employees or members of its board or other governing body, from the grantee’s disbursing of State funds, and shall include actions to be taken by the grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the State assistance funds.

(c) No Overdue Tax Debts. – Every grantee shall file with the State agency or department disbursing funds to the grantee a written statement completed by that grantee’s board of directors or other governing body stating that the grantee does not have any overdue tax debts, as defined by G.S. 105-243.1, at the federal, State, or local level. The written statement shall be made under oath and shall be filed before the disbursing State agency or department may disburse the State assistance funds. A person who makes a false statement in violation of this subsection is guilty of a criminal offense punishable as provided by G.S. 143C-10-1.
Office of State Budget Rules Must Require Uniform Administration of State Grants.

— and Management. — The Office of State Budget and Management shall adopt rules and procedures to ensure the uniform administration of State assistance funds by all grantor State agencies and grantees or subgrantees. The Office of State Budget and Management shall consult with the Office of the State Auditor and the Attorney General in establishing the rules required by this subsection. The rules shall establish policies and procedures for disbursements of State assistance funds and for State agency oversight, monitoring, and evaluation of grantees and subgrantees. The policies and procedures shall:

1. Ensure that the purpose and reporting requirements of the State assistance funds are specified to the grantee.
2. Ensure that grantees specify the purpose and reporting requirements for State assistance funds made to subgrantees.
3. Ensure that State funds are spent in accordance with the purposes for which they were granted.
4. Hold the grantees and subgrantees accountable for the legal and appropriate expenditure of grant funds.
5. Provide for adequate oversight and monitoring to prevent the misuse of grant funds. These policies shall require each grantee and subgrantee to ensure that, for accounting purposes, State funds and interest earned on those funds remain separate and apart from other funds in the possession or control of the grantee or subgrantee.
6. Establish mandatory periodic reporting requirements to be established by State agencies for grantees and subgrantees, including methods of reporting, to provide separate accounting of all State funds, a separate accounting of funds used for administration, and other financial and program performance information. The mandatory periodic reporting requirements shall require grantees and subgrantees to file with the State Auditor copies of reports and statements that are filed with State agencies pursuant to this subsection. Compliance with the mandatory periodic reporting requirements of this subdivision shall not require grantees and subgrantees to file with the State Auditor the information described in subsections (b) and (c) of this section.
7. Require grantees and subgrantees to maintain reports, records, and other information to properly account for the expenditure of all State assistance funds and to make such reports, records, and other information available to the grantor State agency for oversight, monitoring, and evaluation purposes.
8. Require grantees and subgrantees to ensure that work papers in the possession of their auditors are available to the State Auditor for the purposes set out in subsection (f) of this section.
9. Require grantees to be responsible for managing and monitoring each project, program, or activity supported by grant funds and each subgrantee project, program, or activity supported by grant funds.
9a. Require a State agency that oversees a State assistance program to develop a monitoring plan for that program and to submit the plan and any additional information regarding the plan to the Office of State Budget and Management.
10. Provide procedures for the suspension of further disbursements or use of State assistance funds for noncompliance with these rules, policies, and procedures or other inappropriate use of the funds.
(11) Provide procedures for use in appropriate circumstances for reinstatement of disbursements that have been suspended for noncompliance with these policies and procedures or other inappropriate use of State assistance funds.

(12) Provide procedures for the recovery and return to the grantor State agency of unexpended State assistance funds from a grantee or subgrantee (i) in accordance with subsection (f1) of this section or (ii) in the event that the grantee or subgrantee is unable to fulfill the purposes of the State assistance for a reason not set forth in that subsection.

(d1) Required State Assistance Terms. – The terms of each agreement governing the use of the State assistance shall include all of the following, which shall be deemed a part of the award of State assistance:

(1) The limitation contained in G.S. 143C-6-8 concerning the availability of appropriated funds.

(2) The relevant provisions of any legislation authorizing or governing the administration of the State assistance funds.

(3) The terms of this section.

(e) Rules Are Subject to the Administrative Procedure Act. — Notwithstanding the provisions of G.S. 150B 2(8a)b. rules adopted pursuant to subsection (d) of this section are subject to the provisions of Chapter 150B of the General Statutes. Policies and Procedures Are Not Subject to the Administrative Procedure Act. – Policies and procedures adopted pursuant to subsection (d) of this section are not subject to the provisions of Chapter 150B of the General Statutes.

(f) Suspension and Recovery of Funds to State Assistance Recipients for Noncompliance. – The Office of State Budget and Management, after consultation with the administering State agency, shall have the power to suspend disbursement of grant funds to grantees or subgrantees, to prevent further use of grant funds already disbursed, and to recover grant funds already disbursed for noncompliance with rules adopted pursuant to subsection (d) of this section. If the grant funds are a pass-through of funds granted by an agency of the United States, then the Office of State Budget and Management must consult with the granting agency of the United States and the State agency that is the recipient of the pass-through funds prior to taking the actions authorized by this subsection. Where a grantee or subgrantee is noncompliant with this Part or the policies and procedures adopted pursuant to subsection (d) of this section, or where a grantee or subgrantee is unable to fulfill the obligations or purposes of the State assistance, has inappropriately used State assistance funds or is non-compliant with relevant reporting or other requirements, the Office of State Budget and Management may take the actions set forth below in this subsection. If the State assistance funds are a pass-through of funds granted by an agency of the United States, then the Office of State Budget and Management must consult with the granting agency of the United States and the State agency that is the recipient of the pass-through funds prior to taking the actions authorized by this subsection. The authorized actions are as follows:

(1) With respect to a grantee or a subgrantee, and after consultation with the administering State agency, suspend disbursement of State assistance funds, prevent further use of State assistance funds already disbursed, and recover State assistance funds already disbursed.

(2) With respect to an administering State agency, and after 90 days’ notice to give the administering State agency an opportunity to correct the noncompliance, suspend disbursement of State assistance funds.

(f1) Return of State Assistance Funds. – Except as otherwise required by federal law, a grantee or subgrantee shall return to the State all affected State assistance funds and interest earned on those funds if any of the following occurs:
(1) The funds are in the possession or control of a grantee and are not expended, made subject to an encumbrance, or disbursed to a subgrantee by August 31 immediately following the fiscal year in which the funds are appropriated by the General Assembly, or a different period set forth in the terms of the applicable appropriation or federal grant.

(2) The funds remain unexpended at the time that the grantee or subgrantee dissolves, ceases operations, or otherwise indicates that it does not intend to spend the funds.

(3) The Office of State Budget and Management seeks to recover the funds pursuant to subsection (f) of this act.

(f2) Use of Returned State Assistance Funds. – Encumbered funds returned to the State pursuant to subsection (f1) of this section by a grantee or subgrantee shall upon appropriation by the General Assembly be spent in accordance with the terms of the encumbrance. All other funds returned to the State by a grantee or subgrantee pursuant to subsection (f1) of this section shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly. Nothing in this section shall be construed to authorize an expenditure pursuant to an unlawful encumbrance or in a manner that would violate the terms of the appropriation of the State assistance funds at issue.

(g) Audit Oversight. – The State Auditor has audit oversight, with respect to State assistance funds received by the grantee or subgrantee, pursuant to Article 5A of Chapter 147 of the General Statutes, of every grantee or subgrantee that receives, uses, or expends State assistance funds. A grantee or subgrantee must, upon request, furnish to the State Auditor for audit all books, records, and other information necessary for the State Auditor to account fully for the use and expenditure of State assistance funds received by the grantee or subgrantee. The grantee or subgrantee must furnish any additional financial or budgetary information requested by the State Auditor, including audit work papers in the possession of any auditor of a grantee or subgrantee directly related to the use and expenditure of State assistance funds.

(h) Report on Grant Recipients That Failed to Comply. – Not later than May 1, 2007, and by May 1 of every succeeding year, the Noncompliance Reports. – The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on maintain a list that is publicly available of all grantees or subgrantees that failed to comply with this section with respect to State assistance funds received in the prior fiscal year.

(i) State Agencies to Submit Grant List to Auditor. – No later than October 1 of each year, each State agency shall submit a list to the State Auditor, in the format prescribed by the State Auditor, of every grantee to which the agency disbursed grant funds in the prior fiscal year. The list shall include the amount disbursed to each grantee and other information as required by the State Auditor to comply with the requirements of this section.

(j) Use of Interest Earned on State Assistance Funds. – Except as otherwise required by federal law or the terms of a federal grant, interest earned on State assistance funds after receipt of the funds by a grantee or subgrantee shall be credited to the grantee or subgrantee and shall be used for the same purposes for which the State assistance or sub-award was made.

(k) Reporting by Grantees and Subgrantees That Cease Operations. – A grantee or subgrantee that intends to dissolve or cease operations shall report that decision in writing to the Office of State Budget and Management and to the Fiscal Research Division at least 30 days prior to taking that action.

(l) This section does not apply to financial assistance to students or to public assistance payments to or on behalf of enrolled individuals.

(m) Contractors are not subject to this section.”
SECTION 22.6.(a) Purpose. – In order to increase the number of high-tech start-up companies and enhance job creation, RISE NC creates a statewide network that develops and leverages existing North Carolina entrepreneurial management talent, and recruits world-class investors, skilled entrepreneurs, and managers to North Carolina.

SECTION 22.6.(b) Funding. – The sum of two million five hundred thousand dollars ($2,500,000) nonrecurring for fiscal year 2015-2016 and two million five hundred thousand dollars ($2,500,000) for fiscal year 2016-2017 and subsequent years is appropriated to a reserve in the Office of State Budget and Management for the Rallying Investors and Skilled Entrepreneurs of NC (RISE NC) program.

SECTION 22.6.(c) Grant. – The Office of Science, Technology, and Innovation in the Department of Commerce shall establish a competitive award process to provide funding to one or more North Carolina nonprofit corporations to perform the following:

(1) The development of a statewide entrepreneurial network to connect serial entrepreneurs to university start-ups;

(2) The development of an entrepreneurship fellowship program;

Grant funds shall be matched on the basis of two dollars ($1.00) in grant funds for every two dollars ($2.00) nongrant funds. Matching funds shall not include other State funds.

SECTION 22.6.(d) Reports. – The Office of Science, Technology, and Innovation in the Department of Commerce and nonprofit corporation selected in subsection (c) of this section shall provide an annual report to the Office of State Budget and Management and Fiscal Research Division of the General Assembly no later than January 1 of each fiscal year. The report shall detail expenditures and grants made from these funds and provide evidence of return on investment, including, but not limited to, (i) the number of new companies founded and (ii) data on jobs created, including occupational classifications and salary ranges.

SECTION 22.6.(e) Oversight – The Department of Commerce, in consultation with the Office of State Budget and Management, shall provide monitoring and oversight of the performance of a contract entered into pursuant to this section with a North Carolina nonprofit corporation.

SECTION 22.6.(f) Public Funds – A North Carolina nonprofit corporation with which the Department contracts pursuant to this section shall use interest earned on State funds after receipt of the funds by the nonprofit corporation only for the same purposes identified in subsection (c) of this section.

PART XXIII. OFFICE OF STATE HUMAN RESOURCES

SALARY DETERMINATIONS FOR CERTAIN LICENSED PROFESSIONALS

SECTION 23.1.(a) State agencies, departments, and institutions shall have salary administration flexibility for licensed physicians, dentists, nurses, physicians assistants, pharmacists, and other allied health professionals and may exercise the flexibility within existing resources. No salary determination made under this section may exceed the maximum of the applicable salary range established by the Office of State Human Resources under Chapter 126 of the General Statutes.

SECTION 23.1.(b) Beginning September 1, 2015, and then annually thereafter, the Office of State Human Resources shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the salary actions taken under this section.

WORKERS' COMPENSATION RESERVE

SECTION 23.4. The Director of the Budget shall establish a statewide reserve in the amount of five million dollars ($5,000,000) for closure of workers' compensation claims. The Office of State Budget and Management shall distribute funds from the reserve to the
Office of State Human Resources to pay the settlement cost of workers' compensation claims in agencies.

**EMPLOYEE APPEALS OF GRIEVANCES AND DISCIPLINARY ACTION**

**SECTION 23.5.** Article 8 of Chapter 126 of the General Statutes reads as rewritten:

"Chapter 126.

"State Human Resources System.

"Article 8.

"Employee Appeals Of Grievances And Disciplinary Action

"§ 126-34. Repealed by Session Laws 2013-382, s. 6.1, effective August 21, 2013, and applicable to grievances filed on or after that date.

"§ 126-34.01. Grievance; resolution.

Any State employee having a grievance arising out of or due to the employee's employment shall first discuss the problem or grievance with the employee's supervisor, unless the problem or grievance is with the supervisor. Then the employee shall follow the grievance procedure approved by the State Human Resources Commission. The proposed agency final decision shall not be issued nor become final until reviewed and approved by the Office of State Human Resources. The agency grievance procedure and Office of State Human Resources review shall be completed within 90 days from the date the grievance is filed. The final agency decision that is reviewed under G.S. 126-34.02 shall be the decision approved by the Office of State Human Resources."

"§ 126-34.02. Grievance appeal process; grounds.

(a) Once a final agency decision has been issued in accordance with G.S. 126-34.01, an applicant for State employment, a State employee, or former State employee may file a contested case in the Office of Administrative Hearings under Article 3 of Chapter 150B of the General Statutes an appeal to the State Human Resources Commission. The Commission shall appoint a hearing officer to make a complete record in the appeal. The contested case appeal to the State Human Resources Commission must be filed within 30 days of receipt of the final agency decision. Except for cases of extraordinary cause shown, the Office of Administrative Hearings the hearing officer shall hear and issue a final decision in accordance with G.S. 150B 34 within 180 days from the commencement of the case appeal. In deciding cases under this section, the Office of Administrative Hearings the State Human Resources Commission may grant the following relief:

..."

**STATE EMPLOYEES WORKPLACE REQUIREMENTS PROGRAM FOR SAFETY, HEALTH AND WORKERS' COMPENSATION**

**SECTION 23.6.** Article 63 of Chapter 143 of the General Statutes reads as rewritten:

"Article 63.

"State Employees Workplace Requirements Program for Safety and Health, Safety, Health, and Workers' Compensation.

"Part 1. Executive Branch Programs.

"§ 143-580. Definition.

As used in this Article, "State agency" means any department, commission, division, board, or institution of the State within the executive branch of government, including The University of North Carolina System and the Office of Administrative Hearings.

"§ 143-581. Program goals.

Each State agency The Office of State Human Resources shall establish a written program for State employee workplace safety and health, safety, health, and workers' compensation. The
program shall promote safe and healthful working conditions and shall be based on clearly
stated goals and objectives for meeting the goals. The program shall provide managers,
supervisors, and employees with a clear and firm understanding of the State’s concern for
protecting employees from job-related injuries and health impairment; preventing accidents and
fires; planning for emergencies and emergency medical procedures; identifying and controlling
physical, chemical, and biological hazards in the workplace; communicating potential hazards
to employees; and assuring adequate housekeeping and sanitation.

§ 143-582. Program requirements.
The written program required under this Article shall describe at a minimum:
(1) The methods to be used to identify, analyze, and control new or existing
hazards, conditions, and operations.
(2) How managers, supervisors, and employees are responsible for
implementing the program, controlling accident-related expenditures, and
how continued participation of management and employees will be
established, measured, and maintained.
(3) How the plan will be communicated to all affected employees so that they
are informed of work-related physical, chemical, or biological hazards, and
controls necessary to prevent injury or illness.
(4) How managers, supervisors, and employees will receive training in
avoidance of job-related injuries and health impairment.
(5) How workplace accidents will be reported and investigated and how
corrective actions will be implemented.
(6) How safe work practices and rules will be communicated and enforced.
(7) The safety and health training program that will be made available to
employees.
(8) How employees can make complaints concerning safety and health problems
without fear of retaliation.
(9) How employees will receive medical attention following a work-related
injury or illness.

§ 143-583. Model program; technical assistance; reports.
(a) The State Human Resources Commission, through the Office of State Human
Resources, shall:
(1) Maintain a model program of safety and health requirements to guide State
agencies in the development of their individual programs and in complying
with the provisions of G.S. 95-148 and this Article.
(2) Establish guidelines for the creation and operation of State agency safety and
health committees.
(3) Adopt policies which shall govern the administration of the Workers’
Compensation program, and monitor compliance with Chapter 97 of the
General Statutes.
(4) Establish guidelines for the delegation of certain administrative functions as
necessary for the administration of the Workers’ Compensation program to
State agencies, as defined in this section.
(b) The Office of State Human Resources shall:
(1) Provide consultative and technical services to assist State agencies in
establishing and administering their workplace safety and health programs
and to address specific technical problems.
(2) Monitor compliance with this Article.
(c) The Office of State Human Resources Commission shall report annually to the Joint
Legislative Commission on Governmental Operations on the safety and health.
§ 143-584. State agency safety and health committees.

Each State agency The Office of State Human Resources shall create, pursuant to guidelines adopted under subsection (a) of G.S. 143-583, safety and health committees to perform workplace inspections, review injury and illness records, make advisory recommendations to the agency's managers, and perform other functions determined by the Office of State Human Resources to be necessary for the effective implementation of the State Employees Workplace Requirements Program for Safety and Health, the Workers' Compensation program.

§§ 143-585 through 143-588. Reserved for future codification purposes.

"Part 2. Legislative and Judicial Branch Programs.

"§ 143-589. Legislative and judicial branch safety and health programs.

The Legislative Services Commission and the Administrative Office of the Courts are authorized to separately establish safety and health programs for their employees."

ALLOW THE OFFICE OF STATE HUMAN RESOURCES TO OFFER STATEWIDE POST-TAX BENEFIT PROGRAMS OR PLANS TO STATE EMPLOYEES

SECTION 23.7. G.S. 126-95 reads as rewritten:

"§ 126-95. Flexible compensation plan and other benefit programs or plans.

(a) The Director of the Budget may provide eligible officers and employees of State departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 a program of dependent care assistance as available under section 129 and related sections of the Internal Revenue Code of 1986, as amended. The Director of the Budget may authorize State departments, institutions, and agencies to enter into annual agreements with employees who elect to participate in the program to provide for a reduction in salary. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program, as well as other expenses of other human resources programs, including other post-tax benefit programs or plans. Should the Director of the Budget decide to contract with a third party to administer the terms and conditions of a program of dependent care assistance, the Director of the Budget may select a contractor only upon a thorough and completely competitive procurement process.

(b) Notwithstanding any other provisions of law relating to the salaries of officers and employees of departments, institutions, and agencies of State government, the Director of the Budget may provide a plan of flexible compensation to eligible officers and employees of State departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 for benefits available under section 125 and related sections of the Internal Revenue Code of 1986, as amended. This plan shall not replace, substitute for, or duplicate any benefits provided to employees and officers under Article 1A of Chapter 120 of the General Statutes and Articles 1, 3B, 4, and 6 of Chapter 135 of the General Statutes. The plan may, however, include offerings for products and benefits that are supplemental or additional to these statutory benefits, on a pre-tax or post-tax basis. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the Director of the Budget may authorize State departments, institutions, and agencies to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this section. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program, as well as other expenses of other human resources programs. Should the Director of the Budget decide to contract with a third party to

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administer the terms and conditions of a plan of flexible compensation as provided by this section or any other post-tax benefit programs or plans, it may select such a contractor only upon a thorough and completely advertised competitive procurement process.

(c) As used in this section, the term "eligible officers and employees" means any officer or employee authorized to participate in the Teachers' and State Employees' Retirement System and the State Health Plan."
institution of The University of North Carolina shall be deemed constituted and functioning as an employee insurance committee in accordance with this section. Any decision recommendation rendered by the Employee Insurance Committee where the autonomy of the Committee or a conflict of interest is questioned shall be subject to appeal pursuant to the Administrative Procedure Act, or in the case of departments, boards and commissions which are specifically exempt from the Administrative Procedure Act, pursuant to the appeals procedure prescribed for such department, board or commission an appeals process adopted by the State Human Resources Commission and the decision of the State Human Resources Commission shall be final. The Office of State Human Resources shall adopt policies regarding the operations of the Employee Insurance Committee.

(c) Payroll Deduction Slots. Each payroll unit shall be entitled to not less than four payroll deduction The Employee Insurance Selection Committee shall select the number of payroll deduction slots to be used for payment of insurance premiums for products selected by the Employee Insurance Selection Committee and offered to the employees of the payroll unit. The Employee Insurance Selection Committee shall select only one company per payroll deduction slot. The Company selected by the Employee Insurance Selection Committee shall be permitted to sell through payroll deduction only the products specifically approved by the Employee Insurance Selection Committee. The assignment by the Employee Insurance Selection Committee of a payroll deduction slot shall be for a period of not less than two years unless the insurance company shall be in violation of the terms of the written agreement specified in this subsection. The insurance company awarded a payroll deduction slot shall, pursuant to a written agreement setting out the rights and duties of the insurance company, be afforded an adequate opportunity to solicit employees of the payroll unit, agencies and universities by making such employees aware that a representative of the company will be available at a specified time and at a specified location convenient to the employees, employees and management.

Notwithstanding any other provision of the General Statutes, once an employee the Employee Insurance Selection Committee has selected an insurance product for payroll deduction, that product may not be removed from payroll deduction for that employee without his or her specific written consent. Consent from the Employee Insurance Selection Committee.

When an employee retires from State employment and payroll deduction under this section is no longer available, the insurance company may not terminate life insurance products purchased under the payroll deduction plan without the retiree's specific written consent solely because the premium is no longer deducted from payroll.

(c1) Procedure for Selection of Insurance Product Proposals. All insurance product proposals shall be sealed. The Employee Insurance Selection Committee shall open all proposals in public and record them in the minutes of the Employee Insurance Selection Committee, at which time the proposals become public record open to public inspection.

After the public opening, the Employee Insurance Selection Committee shall review the proposals, examining the cost and quality of the products, the reputation and capabilities of the insurance companies submitting the proposals, and other appropriate criteria. The Employee Insurance Selection Committee shall determine which proposal, if any, would meet the needs and desires of the employees of the Committee's payroll units, agencies and universities and shall award a payroll deduction slot to the company submitting the proposal that meets those needs and desires. The Employee Insurance Selection Committee may reject any or all proposals.

A company may seek to modify or withdraw a proposal only after the public opening and only on the basis that the proposal contains an unintentional clerical error as opposed to an error in judgment. A company seeking to modify or withdraw a proposal shall submit to the Employee Insurance Selection Committee a written request, with facts and evidence in support of its position, prior to the award of the payroll deduction slot, but not later than two days after
the public opening of the proposals. The Employee Insurance Selection Committee shall promptly review the request, examine the nature of the error, and determine whether to permit or deny the request.

(d) Criminal Penalty. – It shall be a Class 3 misdemeanor for any State employee, who has supervisory authority over any member of the Employee Insurance Committee, to attempt to influence the autonomy of any Employee Insurance Committee either in the appointment of members to such Committee or in the operation of such Committee; or for anyone to open a sealed insurance product proposal or disclose or exhibit the contents of a sealed insurance product proposal, prior to the public opening of the proposal. The Commissioner of Insurance shall have the authority to investigate complaints alleging acts subject to the criminal penalty and shall report his findings to the Attorney General of North Carolina."

PART XXIV. DEPARTMENT OF REVENUE

POSTAGE FOR TAX COLLECTION

SECTION 24.1. G.S. 105-243.1(e)(4) reads as rewritten:

"(e) Use. – The fee is a receipt of the Department and must be applied to the costs of collecting overdue tax debts. The proceeds of the fee must be credited to a special account within the Department and may be expended only as provided in this subsection. The proceeds of the fee may not be used for any purpose that is not directly and primarily related to collecting overdue tax debts. The Department may apply the proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain in the special account until spent for the costs of collecting overdue tax debts. The Department and the Office of State Budget and Management must account for all expenditures using accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts from costs allocable to other purposes and must demonstrate that none of the fee proceeds are used for any purpose other than collecting overdue tax debts.

The Department may apply the fee proceeds for the following purposes:

... (4) To pay for postage or other delivery charges for correspondence directly and primarily relating to collecting overdue tax debts, not to exceed five hundred thousand dollars ($500,000) nine hundred thousand dollars ($900,000) a year."

MODIFY COLLECTION ASSISTANCE FEE RULES

SECTION 24.2. G.S. 105-243.1(e) is amended by adding a new subdivision to read:

"(e) Use. – The fee is a receipt of the Department and must be applied to the costs of collecting overdue tax debts. The proceeds of the fee must be credited to a special account within the Department and may be expended only as provided in this subsection. The proceeds of the fee may not be used for any purpose that is not directly and primarily related to collecting overdue tax debts. The Department may apply the proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain in the special account until spent for the costs of collecting overdue tax debts. The Department and the Office of State Budget and Management must account for all expenditures using accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts from costs allocable to other purposes and must demonstrate that none of the fee proceeds are used for any purpose other than collecting overdue tax debts.

The Department may apply the fee proceeds for the following purposes:
To pay the direct and indirect expenses of information technology upgrades to the Department of Revenue computer systems that are intended to:

a. Improve system-wide security to protect the interests of all taxpayers and the information technology infrastructure of the Department;
b. Allow the Department to achieve ongoing compliance with IRS requirements for the safeguarding of Federal Tax Information entrusted to the Department;
c. Upgrade Department of Revenue capabilities to allow for electronic filing of returns by taxpayers and the electronic issuance of refunds by the Department for all remaining tax schedules;
d. Accomplish other mission-critical IT tasks of the Department as approved by the Office of State Budget and Management in consultation with the State CIO."

SETOFF DEBT COLLECTION ACT

SECTION 24.3. Article 1 of Chapter 105A of the General Statutes reads as rewritten:

"Chapter 105A.
"Setoff Debt Collection Act.
"Article 1.
"In General.

"§ 105A-1. Purposes.

The purpose of this Chapter is to establish as policy that all claimant agencies and the Department of Revenue shall cooperate in identifying debtors who owe money to the State or to a local government through their various agencies and who qualify for refunds from the Department of Revenue. It is also the intent of this Chapter that procedures be established for setting off against any refund the sum of any debt owed to the State or to a local government. Furthermore, it is the legislative intent that this Chapter be liberally construed so as to effectuate these purposes as far as legally and practically possible.

The Department is authorized to enter into an agreement with the Secretary of the Treasury to participate in the state reciprocal offset program (SRP) pursuant to 31 U.S.C. § 3716 for the collection of any debts owed to the State or to State agencies from federal payments to vendors, contractors and taxpayers. The agreement may provide for the United States to submit non-tax debts owed to federal agencies for offset against State payments otherwise due and owing to taxpayers, vendors and contractors providing goods or services to the State, its departments, agencies, or institutions.


The following definitions apply in this Chapter:

(1) Claimant agency. – Either of the following:
a. A State agency.
b. A local agency acting through a clearinghouse or an organization pursuant to G.S. 105A-3(b1).
c. A federal agency.

(2) Any of the following, except as limited in subdivision (f.) of this subdivision:
Debt. – Any of the following:

a. A sum owed to a claimant agency that has accrued through contract, subrogation, tort, operation of law, or any other legal theory regardless of whether there is an outstanding judgment for the sum.
b. A sum a claimant agency is authorized or required by law to collect, such as child support payments collectible under Title IV, Part D of the Social Security Act.
c. A sum owed as a result of an intentional program violation or a violation due to inadvertent household error under the Food and Nutrition Services Program enabled by Part 5 of Article 2 of Chapter 108A of the General Statutes.

d. Reserved for future codification purposes.

e. A sum owed as a result of having obtained public assistance payments under any of the following programs through an intentional false statement, intentional misrepresentation, intentional failure to disclose a material fact, or inadvertent household error:
   2. The State-County Special Assistance Program enabled by Part 3 of Article 2 of Chapter 108A of the General Statutes.
   3. A successor program of one of these programs.
   4. A sum owed to the United States government or its federal agencies.

(3) Debtor. – A person who owes a debt.

(3a) Person – An individual, vendor, contractor, partnership, society, association, joint stock company, limited liability company, corporation, estate, receiver, trustee, or assignee acting in a fiduciary or representative capacity whether appointed by a court or otherwise, or any combination of the foregoing.

(4) Department. – The Department of Revenue.

(5) Reserved.

(6) Local agency. – Any of the following:
   a. A county, to the extent it is not considered a State agency.
   b. A municipality.
   c. A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.
   d. A regional joint agency created by interlocal agreement under Article 20 of Chapter 160A of the General Statutes between two or more counties, cities, or both.
   e. A public health authority created under Part 1B of Article 2 of Chapter 130A of the General Statutes or other authorizing legislation.
   f. A metropolitan sewerage district created under Article 5 of Chapter 162A of the General Statutes.
   g. A sanitary district created under Part 2 of Article 2 of Chapter 130A of the General Statutes.
   h. A housing authority created under Chapter 157 of the General Statutes, provided that the debt owed to a housing authority has been reduced to a final judgment in favor of the housing authority.
   i. A regional solid waste management authority created under Article 22 of Chapter 153A of the General Statutes.

(6a) Federal official. – A unit or official of the federal government charged with the collection of non-tax liabilities payable to the federal government pursuant to 31 U.S.C. § 3716.

(7) Net proceeds collected. – Gross proceeds collected through setoff against a debtor's refund—tax refund or non-tax payment minus the collection assistance fees provided in G.S. 105A-13.

(8) Refund.—Tax refund payment. – A debtor's North Carolina tax refund.

(8a) Non-tax payment. – Any of the following:
a. Any payment, other than a State tax refund, made by the State to any person.
b. Includes any expense reimbursement to an employee of the State.
c. Does not include a person's salary, wages, or pension.

(9) State agency. – Any of the following:

a. A unit of the executive, legislative, or judicial branch of State government, except for the following:
   1. Any school of medicine, clinical program, facility, or practice affiliated with one of the constituent institutions of The University of North Carolina that provides medical care to the general public.
   2. The University of North Carolina Health Care System and other persons or entities affiliated with or under the control of The University of North Carolina Health Care System.

b. A local agency, to the extent it administers a program supervised by the Department of Health and Human Services or it operates a Child Support Enforcement Program, enabled by Chapter 110, Article 9, and Title IV, Part D of the Social Security Act.

c. A community college.

§ 105A-3. Remedy additional; mandatory State usage; optional local usage; obtaining identifying information; registration.

(a) Remedy Additional. – The collection remedy under this Chapter is in addition to and not in substitution for any other remedy available by law.

(b) Mandatory State Usage. – A State agency must submit a debt owed to it for collection under this Chapter unless the State Controller has waived this requirement or the State agency has determined that the validity of the debt is legitimately in dispute, an alternative means of collection is pending and believed to be adequate, or such a collection attempt would result in a loss of federal funds. The State Controller may waive the requirement for a State agency, other than the Department of Health and Human Services or a county acting on behalf of that Department, to submit a debt owed to it for collection under this Chapter if the State Controller finds that collection by this means would not be practical or cost effective. A waiver may apply to all debts owed a State agency or a type of debt owed a State agency.

(b1) Optional Local Usage. – A local agency may submit a debt owed to it for collection under this Chapter. A local agency that decides to submit a debt owed to it for collection under this Chapter must establish the debt by following the procedure set in G.S. 105A-5 and must submit the debt through one of the following:

   (1) A clearinghouse that is established pursuant to an interlocal agreement adopted under Article 20 of Chapter 160A of the General Statutes and has agreed to submit debts on behalf of any requesting local agency.
   (2) The North Carolina League of Municipalities.
   (3) The North Carolina Association of County Commissioners.

(c) Identifying Information. – All claimant agencies shall whenever possible obtain the full name, social security number or federal identification number, address, and any other identifying information required by the Department from any person for whom the agencies provide any service or transact any business and who the claimant agencies can foresee may become a debtor under this Chapter.

(d) Registration and Reports. – A State agency must register with the Department and with the State Controller. Every State agency must report annually to the State Controller the amount of debts owed to the agency for which the agency did not submit a claim for setoff and the reason for not submitting the claim.
A clearinghouse or an organization that submits debts on behalf of a local agency must
register with the Department. Once a clearinghouse registers with the Department under this
subsection, no other clearinghouse may register to submit debts for collection under this
Chapter.

"§ 105A-4. Minimum debt and refund-tax refund or non-tax payment.
This Chapter applies only to a debt that is at least fifty dollars ($50.00) and to a refund-tax
refund or non-tax payment that is at least this same amount.

"§ 105A-5. Local agency notice, hearing, and decision.
(a) Prerequisite. – A local agency may not submit a debt for collection under this
Chapter until it has given the notice required by this section and the claim has been finally
determined as provided in this section.
(b) Notice. – A local agency must send written notice to a debtor that the agency
intends to submit the debt owed by the debtor for collection by setoff. The notice must explain
the basis for the agency's claim to the debt, that the agency intends to apply the debtor's
refund-tax refund or non-tax payment against the debt, and that a collection assistance fee of
fifteen dollars ($15.00) as provided in G.S. 105A-13 will be added to the debt if it is submitted
for setoff. The notice must also inform the debtor that the debtor has the right to contest the
matter by filing a request for a hearing with the local agency, must state the time limits and
procedure for requesting the hearing, and must state that failure to request a hearing within the
required time will result in setoff of the debt.
(c) Administrative Review. – A debtor who decides to contest a proposed setoff must
file a written request for a hearing with the local agency within 30 days after the date the local
agency mails a notice of the proposed action to the debtor. A request for a hearing is considered
to be filed when it is delivered for mailing with postage prepaid and properly addressed. The
governing body of the local agency or a person designated by the governing body must hold the
hearing.
If the debtor disagrees with the decision of the governing body or the person designated by
the governing body, the debtor may file a petition for a contested case under Article 3 of
Chapter 150B of the General Statutes. The petition must be filed within 30 days after the debtor
receives a copy of the local decision. Notwithstanding the provisions of G.S. 105-241.21, a
local agency is considered an agency for purposes of contested cases and appeals under this
Chapter.
In a hearing under this section, an issue that has previously been litigated in a court
proceeding cannot be considered.
(d) Decision. – A decision made after a hearing under this section must determine
whether a debt is owed to the local agency and the amount of the debt.
(e) Return of Amount Set Off. – If a local agency submits a debt for collection under
this Chapter without sending the notice required by subsection (b) of this section, the agency
must send the taxpayer the entire amount set off plus the collection assistance fees provided in
G.S. 105A-13. Similarly, if a local agency submits a debt for collection under this Chapter after
sending the required notice but before final determination of the debt and a decision finds that
the local agency is not entitled to any part of the amount set off, the agency must send the
taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13.
That portion of the amount returned that reflects the collection assistance fees must be paid
from the local agency's funds.
If a local agency submits a debt for collection under this Chapter after sending the required
notice and the net proceeds collected that are credited to the local agency for the debt exceed
the amount of the debt, the local agency must send the balance to the debtor. No part of the
collection assistance fees provided in G.S. 105A-13 may be returned when a notice was sent
and a debt is owed but the debt is less than the amount set off.
Interest accrues on the amount of a refund returned to a taxpayer under this subsection in
accordance with G.S. 105-241.21. A local agency that returns a refund to a taxpayer under this
subsection must pay from the local agency's funds any interest that has accrued since the fifth
day after the Department mailed the notice of setoff to the taxpayer.

§ 105A-6. Procedure Department to follow in making setoff.
(a) Notice to Department. – A claimant agency seeking to attempt collection of a debt
through setoff must notify the Department in writing and supply information necessary to
identify the debtor whose refund or non-tax payment is sought to be set off. The
claimant agency may include with the notification the date, if any, that the debt is expected to
expire. The agency must notify the Department in writing when a debt has been paid or is no
longer owed the agency.

(b) Setoff by Department. – The Department, upon receipt of notification, must
determine each year whether the debtor to the claimant agency is entitled to a refund or non-tax
payment of at least fifty dollars ($50.00) from the Department. Upon determination
by the Department that a debtor specified by a claimant agency qualifies for such a refund or
non-tax payment, the Department must set off the debt against the refund or non-tax payment
to which the debtor would otherwise be entitled and must refund any
remaining balance to the debtor. The Department must mail the debtor written notice that the
setoff has occurred and must credit the net proceeds collected to the claimant agency. If the
claimant agency is a State agency, that agency must credit the amount received to a
nonreverting trust account and must follow the procedure set in G.S. 105A-8.

§ 105A-6.1. Procedure Department to follow in making setoff for the U.S. Treasury
State Reciprocal Program.
(a) Pursuant to the agreement authorized herein, a federal official may:
(1) Certify to the Department the existence of a person's delinquent, non-tax
debt owed by the person to the federal government by providing:
   a. The name of the person.
   b. The social security number or federal tax identification number.
   c. The amount of the non-tax debt.
   d. Any other information pursuant to the agreement authorized herein.
(2) Request the Department to withhold any State payment to which the person
is entitled.
(3) Retain a portion of the proceeds of any federal administrative setoff pursuant
   to 31 C.F.R. § 285.6.
(b) As required or permitted by State law, federal law or the offset agreement, the
Department may:
(1) Determine if a person for whom a certification is received is due a tax refund
or non-tax payment;
(2) Shall withhold a tax refund or non-tax payment that is due a person whose
name has been certified by a federal official;
(3) Shall notify the person of the amount withheld in accordance with the offset
agreement;
(4) Shall pay to the federal official the lesser of:
   a. The entire State payment or
   b. The amount certified, and
   c. Pay any tax refund or non-tax payment in excess of the certified
      amount to the person less any collection assistance fee pursuant to
      G.S. 105A-14;
(5) May certify to a federal official a person's delinquent debt owed to the State
   by providing the federal official:
   a. The name of the person.
b. The social security number or tax identification number.
c. The amount of the debt due the State.
d. Any other information required by the offset agreement.
e. May request that the federal official withhold any federal vendor or other federal payment pursuant to the offset agreement to which the person is entitled.

"§ 105A-8. State agency notice, hearing, decision, and refund of setoff."

(a) Notice. – Within 10 days after a State agency receives a refund tax refund or non-tax payment of a debtor, the agency must send the debtor written notice that the agency has received the debtor's refund. The notice must explain the debt that is the basis for the agency's claim to the debtor's refund tax refund or non-tax payment and that the agency intends to apply the refund tax refund or non-tax payment against the debt. The notice must also inform the debtor that the debtor has the right to contest the matter by filing a request for a hearing, must state the time limits and procedure for requesting the hearing, and must state that failure to request a hearing within the required time will result in setoff of the debt. A State agency that does not send a debtor a notice within the time required by this subsection must refund the amount set off plus the collection assistance fee, in accordance with subsection (d) of this section.

"§ 105A-12. Priorities in claims to setoff."

The Department has priority over all other claimant agencies for collection by setoff whenever it is a competing agency for a refund tax refund or non-tax payment. State agencies have priority over federal or local agencies for collection by setoff. When there are multiple claims by State agencies other than the Department, the claims have priority based on the date each agency registered with the Department under G.S. 105A-3. When there are multiple claims by two or more organizations submitting debts on behalf of federal or local agencies, the claims have priority based on the date each organization registered with the Department under G.S. 105A-3. When there are multiple claims among federal or local agencies whose debts are submitted by the same organization, the claims have priority based on the date each federal or local agency requested the organization to submit debts on its behalf.

"§ 105A-13. Collection assistance fees."

(a) State Setoff. – To recover the costs incurred by the Department in collecting debts under this Chapter, a collection assistance fee of five dollars ($5.00) is imposed on each debt collected through setoff. The Department must collect this fee as part of the debt and retain it. The collection assistance fee shall not be added to child support debts or collected as part of child support debts. Instead, the Department shall retain from collections under Division II of Article 4 of Chapter 105 of the General Statutes the cost of collecting child support debts under this Chapter.

(a1) Federal Setoff. – A collection assistance fee equal to the fee charged by the federal government is imposed on each debt collected through setoff.

(b) Repealed by Session Laws 2001-380, s. 3, effective November 1, 2001.

(c) Local Debts. – To recover the costs incurred by local agencies in submitting debts for collection under this Chapter, a local collection assistance fee of fifteen dollars ($15.00) is imposed on each local agency debt submitted under G.S. 105A-3(b1) and collected through setoff. The Department must collect this fee as part of the debt and remit it to the clearinghouse that submitted the debt. The local collection assistance fee does not apply to child support debts.

(d) Priority. – If the Department is able to collect only part of a debt through setoff, the collection assistance fee provided in subsection (a) of this section has priority over the local...
collection assistance fee and over the remainder of the debt. The local collection assistance fee has priority over the remainder of the debt.

§ 105A-14. Accounting to the claimant agency; credit to debtor's obligation.
(a) Simultaneously with the transmittal of the net proceeds collected to a claimant agency, the Department must provide the agency with an accounting of the setoffs for which payment is being made. The accounting must whenever possible include the full names of the debtors, the debtors' social security numbers or federal identification numbers, the gross proceeds collected per setoff, the net proceeds collected per setoff, and the collection assistance fee added to the debt and collected per setoff.
(b) Upon receipt by a claimant agency of net proceeds collected on the claimant agency's behalf by the Department, a final determination of the claim if it is a State agency claim, and an accounting of the proceeds as specified under this section, the claimant agency must credit the debtor's obligation with the net proceeds collected.

REQUIRE ADDITIONAL DOCUMENTATION WITH NONPROFIT SALES AND USE TAX REFUND REQUESTS

SECTION 24.4. (a) G.S. 105-164.14 is amended by adding two new subsections to read:

"(b1) Documentation. – A nonprofit entity submitting a refund request in excess of five hundred thousand dollars ($500,000) shall provide the following information with each refund request:

(1) The annual compensation of all current officers, directors, trustees, and key employees, and the five current highest-compensated employees with reportable compensation of at least one hundred thousand dollars ($100,000) from the organization and related organizations who are not officers, directors, trustees, or key employees of the organization, as disclosed on Part VII of the entity's most recent Form 990 filed with the Internal Revenue Service.

(2) The amount of sales and use tax paid indirectly on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities.

Nonprofit entities classified as a hospital, community health system, general hospital, or specialty hospital under the National Taxonomy of Exempt Entities shall also provide the following information with each refund request in excess of five hundred thousand dollars ($500,000):

(3) The Medicaid inpatient utilization rate, as defined by U.S.C. § 1923(b)(2) of the Social Security Act, in the calendar year prior to the refund request.

(4) The low-income utilization rate, as defined by U.S.C. § 1923(b)(3) of the Social Security Act, in the calendar year prior to the refund request.

(b2) Report. – The Department must include in the economic incentives report required by G.S. 105-256 the following information itemized by each nonprofit entity making at least one refund request in excess of five hundred thousand dollars ($500,000) in the fiscal year preceding the publication date of the report:

(1) The total refund amount requested by the nonprofit entity.

(2) The sales and use tax paid indirectly on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered,
or repaired for use by the nonprofit entity for carrying on its nonprofit activities.

(3) The total annual compensation of the five current highest-compensated individuals among all officers, directors, trustees, and employees whose compensation is reported pursuant to subsection (b1) of this section.

(4) For entities classified as a hospital, community health system, general hospital, or specialty hospital, the Medicaid utilization rate and the low-income utilization rate in the calendar year prior to the refund request."

SECTION 24.4.(b) This section is effective for all refund requests submitted on or after June 30, 2015.

EXTEND PASSENGER AIR CARRIER AND MOTORSPORTS SALES TAX REFUNDS

SECTION 24.5.(a) G.S. 105-164.14A reads as rewritten:

"§ 105-164.14A. Economic incentive refunds.

(a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes paid under this Article:

(1) Passenger air carrier. – An interstate passenger air carrier is allowed a refund of the sales and use tax paid by it on fuel in excess of two million five hundred thousand dollars ($2,500,000). The amount of sales and use tax paid does not include a refund allowed to the interstate passenger air carrier under G.S. 105-164.14(a). This subdivision is repealed for purchases made on or after January 1, 2016.January 1, 2020.

(2) Major recycling facility. – An owner of a major recycling facility is allowed a refund of the sales and use tax paid by it on building materials, building supplies, fixtures, and equipment that become a part of the real property of the recycling facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner.

(3) Business in low-tier area. – A taxpayer that is engaged primarily in one of the businesses listed in G.S. 105-129.83(a) in a development tier one area and that places machinery and equipment in service in that area is allowed a refund of the sales and use tax paid by it on the machinery and equipment. For purposes of this subdivision, "machinery and equipment" includes engines, machinery, equipment, tools, and implements used or designed to be used in one of the businesses listed in G.S. 105-129.83, capitalized for tax purposes under the Code, and not leased to another party. Liability incurred indirectly by the taxpayer for sales and use taxes on these items is considered tax paid by the taxpayer. The sunset for Article 3J of Chapter 105 of the General Statutes for development tier one areas applies to this subdivision.

(4) Motorsports team or sanctioning body. – A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For purposes of this subdivision, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motorsports testing. This subdivision is repealed for purchases made on or after January 1, 2016.January 1, 2020.

(5) Professional motorsports team. – A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the
sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle. For purposes of this subdivision, "motorsports accessories" includes instrumentation, telemetry, consumables, and paint. This subdivision is repealed for purchases made on or after January 1, 2016-January 1, 2020.

(6) Analytical services business. – A taxpayer engaged in analytical services in this State is allowed a refund of sales and use tax paid by it. This subdivision is repealed for purchases made on or after January 1, 2014. The amount of the refund is the greater of the following:

a. Fifty percent (50%) of the eligible amount of sales and use tax paid by it on tangible personal property that is consumed or transformed in analytical service activities. The eligible amount of sales and use tax paid by the taxpayer in this State is the amount by which sales and use tax paid by the taxpayer in this State in the fiscal year exceed the amount paid by the taxpayer in this State in the 2006-2007 State fiscal year.

b. Fifty percent (50%) of the amount of sales and use tax paid by it in the fiscal year on medical reagents.

(7) Railroad intermodal facility. – The owner or lessee of an eligible railroad intermodal facility is allowed a refund of sales and use tax paid by it under this Article on building materials, building supplies, fixtures, and equipment that become a part of the real property of the facility. Liability incurred indirectly by the owner or lessee of the facility for sales and use taxes on these items is considered tax paid by the owner or lessee. This subdivision is repealed for purchases made on or after January 1, 2038.

...."

SECTION 24.5.(b) This Part is effective when it becomes law. For purposes of analytical services business, this Part applies to purchases made on or after that date.

EXTEND RESEARCH AND DEVELOPMENT TAX CREDIT

SECTION 24.6. G.S. 105-129.51 reads as rewritten:

"§ 105-129.51. Taxpayer standards and sunset.

(a) A taxpayer is eligible for a credit allowed in this Article if it satisfies the requirements of G.S. 105-129.83(c), (d), (e), (f), and (g) relating to wage standard, health insurance, environmental impact, safety and health programs, and overdue tax debts, respectively.

(b) This Article is repealed for taxable years beginning on or after January 1, 2016-January 1, 2020.

(c) Repealed by Session Laws 2004-124, s. 32D.4, effective for taxable years beginning on or after January 1, 2006."

EXTEND TAX IMPOSED ON DATACENTER MACHINERY AND EQUIPMENT

SECTION 24.7. G.S. 105-187.51C reads as rewritten:

"(a) Tax. – A privilege tax is imposed on the owner of a datacenter that meets the requirements of subsection (a1) of this section and that purchases machinery or equipment to be located and used at the datacenter that is capitalized for tax purposes under the Code and is used either:

(d) Sunset. – This section expires for sales occurring on or after July 1, 2015-July 1, 2020."

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MODIFY RENEWABLE ENERGY PROPERTY TAX CREDIT

SECTION 24.8.(a) G.S. 105-129.15 reads as rewritten:

"§ 105-129.15. Definitions.
The following definitions apply in this Article:

(7) Renewable energy property. – Any of the following machinery and equipment or real property:
   a. Biomass equipment that uses renewable biomass resources for biofuel production of ethanol, methanol, and biodiesel; anaerobic biogas production of methane utilizing agricultural and animal waste or garbage; or commercial thermal or electrical generation. The term also includes related devices for converting, conditioning, and storing the liquid fuels, gas, and electricity produced with biomass equipment.
   b. Combined heat and power system property. – Defined in section 48 of the Code.
   c. Geothermal equipment that meets either of the following descriptions:
      1. It is a heat pump that uses the ground or groundwater as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure.
      2. It uses the internal heat of the earth as a substitute for traditional energy for water heating or active space heating or cooling.
   d. Hydroelectric generators located at existing dams or in free-flowing waterways, and related devices for water supply and control, and converting, conditioning, and storing the electricity generated.
   e. Solar energy equipment that uses solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, daylighting, generating electricity, distillation, desalination, detoxification, or the production of industrial or commercial process heat. The term also includes related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy.
   f.e. Wind equipment required to capture and convert wind energy into electricity or mechanical power, and related devices for converting, conditioning, and storing the electricity produced or relaying the electricity by cable from the turbine motor to the power grid.

SECTION 24.8.(b) G.S. 105-129.16A(e) reads as rewritten:

"§ 105-129.16A. Credit for investing in renewable energy property.
   (e) Sunset. – This section is repealed effective for renewable energy property placed into service on or after January 1, 2016.

SECTION 24.8.(c) This Part is effective for renewable energy property placed into service on or after January 1, 2016.

HISTORIC PRESERVATION TAX CREDIT

SECTION 24.10(a) Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 3L."
"Historic Rehabilitation Tax Credits Investment Program.

§ 105-129.100. Credit for rehabilitating income-producing historic structure.

(a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of the Code for making qualified rehabilitation expenditures for a certified historic structure located in this State is allowed a credit equal to the sum of the following:

1. Base amount. – The percentage of qualified rehabilitation expenditures at the levels provided in the table below:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Up To</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$10 million</td>
<td>15.00%</td>
</tr>
<tr>
<td>$10 million</td>
<td>$20 million</td>
<td>10.00%</td>
</tr>
</tbody>
</table>

2. Development tier bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars ($20,000,000) if the certified historic structure is located in a development tier one or two area.

3. Targeted investment bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars ($20,000,000) if the certified historic structure is located on an eligible targeted investment site.

(b) Pass-Through Entity. – Notwithstanding the provisions of G.S. 105-131.8 and G.S. 105-269.15, a pass-through entity that qualifies for the credit provided in this section may allocate the credit among any of its owners in its discretion as long as an owner’s adjusted basis in the pass-through entity, as determined under the Code, at the end of the taxable year in which the certified historic structure is placed in service, is at least forty percent (40%) of the amount of credit allocated to that owner. Owners to whom a credit is allocated are allowed the credit as if they had qualified for the credit directly. A pass-through entity and its owners must include with their tax returns for every taxable year in which an allocated credit is claimed a statement of the allocation made by the pass-through entity and the allocation that would have been required under G.S. 105-131.8 or G.S. 105-269.15.

(c) Definitions. – The following definitions apply in this section:


2. Development tier area. – Defined in G.S. 143B-437.08.

3. Eligibility certification. – A certification obtained from the State Historic Preservation Officer that the site comprises an eligible targeted investment site.

4. Eligible targeted investment site. – A site located in this State that satisfies all of the following conditions:
   a. It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.
   b. It is a certified historic structure.
   c. It has been at least sixty-five percent (65%) vacant for a period of at least two years immediately preceding the date the eligibility certification is made.

5. Pass-through entity. – Defined in G.S. 105-228.90.


7. State Historic Preservation Officer. – The Deputy Secretary of the Office of Archives and History of the North Carolina Department of Cultural Resources, or the Deputy Secretary’s designee, who acts to administer the historic preservation programs within the State.

8. Targeted investment. – Qualified rehabilitation expenditures on a certified historic structure that is located on an eligible targeted investment site.
(d) Limitations. – The amount of credit allowed under this section with respect to qualified rehabilitation expenditures for an income-producing certified historic structure may not exceed four million five hundred thousand dollars ($4,500,000).

§ 105-129.101. Credit for rehabilitating non-income-producing historic structure.

(a) Credit. – A taxpayer who is not allowed a federal income tax credit under section 47 of the Code and who has rehabilitation expenses of at least ten thousand dollars ($10,000) for a State-certified historic structure located in this State is allowed a credit equal to fifteen percent (15%) of the rehabilitation expenses.

(b) Limitations. – The amount of credit allowed under this section with respect to rehabilitation expenses for a non-income-producing certified historic structure may not exceed twenty-two thousand five hundred dollars ($22,500) per discrete property parcel. In the event that the taxpayer is the transferee of a State-certified historic structure for which rehabilitation expenses were made, the taxpayer as transferee is allowed a credit under this section only if the transfer takes place before the structure is placed in service. In this event, no other taxpayer may claim such credit. A taxpayer is allowed to claim a credit under this section no more than once in any five-year period, carryovers notwithstanding.

(c) Definitions. – The following definitions apply in this section:

1. Certified rehabilitation. – Repairs or alterations consistent with the Secretary of the Interior's Standards for Rehabilitation and certified as such by the State Historic Preservation Officer.

2. Discrete property parcel. – A lot or tract described by metes and bounds, a deed or plat of which has been recorded in the deed records of the county in which the property is located, and on which a State-certified historic structure is located, or a single condominium unit in a State-certified historic structure.

3. Placed in service. – The later of the date on which the rehabilitation is completed or the date on which the property is used for its intended purpose.

4. Rehabilitation expenses. – Expenses incurred in the certified rehabilitation of a certified historic structure and added to the property's basis. The expenses must be incurred within any 24-month period per discrete property parcel. The term does not include the cost of acquiring the property, the cost attributable to the enlargement of an existing building, the cost of site work expenditures, or the cost of personal property.

5. State-certified historic structure. – A structure that is individually listed in the National Register of Historic Places or is certified by the State Historic Preservation Officer as contributing to the historic significance of a National Register Historic District or a locally designated historic district certified by the United States Department of the Interior.

6. State Historic Preservation Officer. – Defined in G.S. 105-129.100(c)(7).

§ 105-129.102. Rules; fees.

(a) Rules. – The North Carolina Historical Commission, in consultation with the State Historic Preservation Officer, may adopt rules needed to administer any certification process required by this Article.

(b) Fees. – The North Carolina Historical Commission, in consultation with the State Historic Preservation Officer, may adopt a schedule of fees for providing any certifications required by this Article, or Article 3D or 3H as they provided as of December 31, 2014. In establishing the fee schedule, the Commission shall consider the administrative and personnel costs incurred by the Department of Cultural Resources. An application fee may not exceed one percent (1%) of the completed qualifying rehabilitation expenditures. The proceeds of the fees are receipts of the Department of Cultural Resources and must be used for performing its duties under this Article.
§ 105-129.103. Tax credited; credit limitations.

(a) Tax Credited.—The credits provided in this Article are allowed against the franchise tax imposed in Article 3 of this Chapter, the income taxes levied in Article 4 of this Chapter, or the gross premiums tax imposed in Article 8B of this Chapter. The taxpayer may take a credit allowed by this Article against only one of the taxes against which it is allowed. The taxpayer must elect the tax against which a credit will be claimed when filing the return on which it is claimed, and this election is binding. Any carryforwards of a credit must be claimed against the same tax.

(b) Return.—A taxpayer may claim a credit allowed by this Article on a return filed for the taxable year in which the certified historic structure was placed into service. When an income-producing certified historic structure as defined in G.S. 105-129.100 is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year.

(c) Cap.—A credit allowed under this Article may not exceed the amount of the tax against which it is claimed for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding nine years.

(d) Forfeiture for Disposition.—A taxpayer who is required under section 50 of the Code to recapture all or part of the federal credit for rehabilitating an income-producing historic structure located in this State forfeits the corresponding part of the State credit allowed under G.S. 105-129.100 with respect to that historic structure. If the credit was allocated among the owners of a pass-through entity, the forfeiture applies to the owners in the same proportion that the credit was allocated.

(e) Forfeiture for Change in Ownership.—If an owner of a pass-through entity that has qualified for the credit allowed under G.S. 105-129.100 disposes of all or a portion of the owner's interest in the pass-through entity within five years from the date the rehabilitated historic structure is placed in service and the owner's interest in the pass-through entity is reduced to less than two-thirds of the owner's interest in the pass-through entity at the time the historic structure was placed in service, the owner forfeits a portion of the credit. The amount forfeited is determined by multiplying the amount of credit by the percentage reduction in ownership and then multiplying that product by the forfeiture percentage. The forfeiture percentage equals the recapture percentage found in the table in section 50(a)(1)(B) of the Code.

(f) Exceptions to Forfeiture.—Forfeiture as provided in subsection (e) of this section is not required if the change in ownership is the result of any of the following:

(1) The death of the owner.

(2) A merger, consolidation, or similar transaction requiring approval by the shareholders, partners, or members of the taxpayer under applicable State law, to the extent the taxpayer does not receive cash or tangible property in the merger, consolidation, or other similar transaction.

(g) Liability From Forfeiture.—A taxpayer or an owner of a pass-through entity that forfeits a credit under this section is liable for all past taxes avoided as a result of the credit plus interest at the rate established under G.S. 105-241.21, computed from the date the taxes would have been due if the credit had not been allowed. The past taxes and interest are due 30 days after the date the credit is forfeited. A taxpayer or owner of a pass-through entity that fails to pay the taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

(h) Substantiation.—To claim a credit allowed by this Article, the taxpayer must provide any information required by the Secretary of Revenue, including a copy of the certification obtained from the State Historic Preservation Office verifying that the historic structure has been rehabilitated in accordance with the requirements set out in this Article, and
a copy of the eligibility certification if the historic structure is located in an eligible targeted
investment site and the target investment bonus is claimed. Every taxpayer claiming a credit
under this Article must maintain and make available for inspection by the Secretary of Revenue
any records the Secretary considers necessary to determine and verify the amount of the credit
to which the taxpayer is entitled. The burden of proving eligibility for the credit and the amount
of the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer that fails to
maintain adequate records or to make them available for inspection.
(i) No Double Credit. – A taxpayer that claims a credit under this Article may not also
claim a credit under Article 3D or Article 3H of this Chapter with respect to the same activity.

§ 105-129.104. Report; tracking.
(a) The Department must include in the economic incentives report required by
G.S. 105-256 the following information itemized by taxpayer:
(1) The number of taxpayers that took the credits allowed in this Article.
(2) The amount of rehabilitation expenses and qualified rehabilitation
expenditures with respect to which credits were taken.
(3) The total cost to the General Fund of the credits taken.

(b) The Department shall include in the economic incentives report required by
G.S. 105-256 the following information:
(1) The total amount of tax credits claimed and the total amount of tax credits
taken against current taxes, by type of tax, during the relevant tax year.
(2) The total amount of tax credits carried forward, by type of tax.

§ 105-129.105. Sunset.
This Article expires for qualified rehabilitation expenditures and rehabilitation expenses
incurred on or after January 1, 2021."

SECTION 24.10.(b) G.S. 105-129.75 reads as rewritten:
"§ 105-129.75. Sunset.
This Article expires January 1, 2015, for rehabilitation projects for which an application for
an eligibility certification is submitted on or after that date. Eligibility certifications under this
Article expire January 1, 2023."

SECTION 24.10.(c) Subsection (a) of this section becomes effective January 1, 2015, and applies to qualified rehabilitation expenditures and rehabilitation expenses incurred
on or after that date. The remainder of this section is effective when it becomes law.

PART XXV. BOND AUTHORIZATION
SECTION 25.1.(a) Short Title. – This section shall be known as the "Critical
Highway and Infrastructure Needs Bond Act of 2015."

SECTION 25.1.(b) Purpose. – It is the intent of the General Assembly by this
section to provide for the issuance of general obligation bonds of the State and to provide that
the proceeds realized from the sale of the bonds shall be allocated as follows:
(1) Highway bonds. – One billion five hundred million dollars ($1,500,000,000)
to provide funds, together with any other available funds, to the Department
of Transportation for the construction, improvement and relocation of
highways, roads, bridges and any related infrastructure of the State.
(2) Infrastructure bonds. – One billion five hundred million dollars
($1,500,000,000) to provide funds, together with any other available funds,
to the North Carolina National Guard, The University of North Carolina,
various State agencies, and community colleges for capital improvements for
the State, including, without limitation: the construction and furnishing of
new facilities; renovation and rehabilitation of existing facilities; and
expansion and improvement of the State's technology infrastructure.
SECTION 25.1.(c) Definitions. – Unless the context otherwise requires, the following definitions apply in this section:

(1) Bonds. – Bonds issued under this section.

(2) Cost. – Without intending thereby to limit or restrict any proper definition of this term in financing the cost of facilities or purposes authorized by this section, any amount listed in this subdivision. Allocations in this section of proceeds of bonds to the costs of a project or undertaking in each case may include allocations to pay the costs set forth in sub-divisions c. through g. of this subdivision in connection with the issuance of bonds for the project or undertaking.
   a. The cost of constructing, reconstructing, enlarging, acquiring, and improving facilities, and acquiring equipment and land therefor.
   b. The cost of engineering, architectural, and other consulting services as may be required.
   c. Administrative expenses and charges.
   d. Finance charges and interest prior to and during construction and, if deemed advisable by the State Treasurer, for a period not exceeding three years after the estimated date of completion of construction.
   e. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.
   f. The cost of reimbursing the State for any payments made for any cost described in this subdivision.
   g. Any other costs and expenses necessary or incidental to the purposes of this section.

(3) Credit facility agreement. – An agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association, or other banking institution, an insurance company, reinsurance company, surety company, or other insurance institution, a corporation, investment banking firm, or other investment institution, or any financial institution or other similar provider of a credit facility agreement, which provider may be located within or without the United States of America, such agreement providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility agreement in accordance with the terms and provisions of such agreement.

(4) Notes. – Notes issued under this section.

(5) Par formula. – Any provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including:
   a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible;
   b. A provision providing for such adjustment based upon a percentage or percentages of a LIBOR rate, a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time; or
c. Such other provision as the State Treasurer may determine to be consistent with this section and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

(6) State. – The State of North Carolina.

**SECTION 25.1.(d) Authorization of Bonds and Notes. –**

(1) Highway bonds. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing highway bonds in the election called and held as provided in this section, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Highway Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this section, in an aggregate principal amount not exceeding one billion five hundred million dollars ($1,500,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

Although the highway bonds authorized by this section will constitute general obligation bonds, secured by the faith and credit and taxing power of the State, and although the funds deposited to the Highway Trust Fund are not specifically pledged to pay debt service on the bonds, it is the intent of the General Assembly that the debt service on the bonds authorized by this section will be provided from amounts deposited to the Highway Trust Fund.

(2) Infrastructure bonds. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing infrastructure bonds in the election called and held as provided in this section, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Infrastructure Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this section, in an aggregate principal amount not exceeding one billion five hundred million dollars ($1,500,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

**SECTION 25.1.(e) Use of Highway Bond and Note Proceeds. –**

(1) The proceeds of Highway Bonds and notes, including premium thereon, if any, shall be used for the projects in the general amounts set forth in Attachment A in Section 30.5 of this act.

(2) Reallocation. – The General Assembly may at this session or at any subsequent session increase or decrease the allocations of the proceeds of the highway bonds set forth in subsection (1) of this section or reallocate any amounts among projects, including projects not listed in this subsection but listed as the next highest scoring Strategic Mobility-funded category project under G.S. 136-189.11 that is shovel-ready, so long as the aggregate amount of the allocations does not exceed one billion five hundred million dollars ($1,500,000,000).

**SECTION 25.1.(f) Use of Infrastructure Bonds and Note Proceeds. –**

(1) The proceeds of infrastructure bonds and notes, including premium thereon, if any, shall be used for infrastructure improvements in the general amounts for the projects set forth in Attachment B in Section 30.5 of this act.
(2) Reallocation. – The General Assembly may at this session or at any subsequent session increase or decrease the allocations of the proceeds of the infrastructure bonds set forth in subdivision (1) of this subsection or reallocate any amounts among agencies or projects, including projects not listed in this subsection but listed in the six-year capital improvement plan developed pursuant to G.S. 143C-8-5, so long as the aggregate amount of the allocations does not exceed one billion five hundred million dollars ($1,500,000,000).

SECTION 25.1.(g) Allocation and Tracking of Proceeds. –

(1) Highway Bonds. – The proceeds of highway bonds and notes, including premium thereon, if any, except the proceeds of bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be designated "Highway Bonds Fund," which may include such appropriate special accounts therein as may be determined by the State Treasurer and shall be disbursed as provided in this section. Monies in the Highway Bonds Fund shall be allocated and expended as provided in this section.

Any additional monies which may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source for deposit to the Highway Bonds Fund may be placed in the Highway Bonds Fund or in a separate account or fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this section.

Monies in the Highway Bonds Fund or any separate account established under this section may be invested from time to time by the State Treasurer in the same manner permitted for investment of monies belonging to the State or held in the State treasury, except with respect to grant money to the extent otherwise directed by the terms of the grant. Investment earnings, except investment earnings with respect to grant monies to the extent otherwise directed or restricted by the terms of the grant, may be (i) credited to the Highway Bonds Fund, (ii) used to pay debt service on the bonds authorized by this section, (iii) used to satisfy compliance with applicable requirements of the federal tax law, or (iv) transferred to the General Fund of the State.

The proceeds of bonds and notes may be used with any other monies made available by the General Assembly for funding the projects authorized by this section, including the proceeds of any other State bond issues, whether heretofore made available or which may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The proceeds of bonds and notes shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the Executive Budget Act, Article I of Chapter 143 of the General Statutes.

(2) Infrastructure bonds. – The proceeds of infrastructure bonds and notes, including premium thereon, if any, except the proceeds of bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer
in a special fund to be designated "Infrastructure Bonds Fund," which may include such appropriate special accounts therein as may be determined by the State Treasurer and shall be disbursed as provided in this section. Monies in the Infrastructure Bonds Fund shall be allocated and expended as provided in this section.

Any additional monies which may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source for deposit to the Infrastructure Bonds Fund may be placed in the Infrastructure Bonds Fund or in a separate account or fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this section. Monies in the Infrastructure Bonds Fund or any separate account established under this section may be invested from time to time by the State Treasurer in the same manner permitted for investment of monies belonging to the State or held in the State treasury, except with respect to grant money to the extent otherwise directed by the terms of the grant. Investment earnings, except investment earnings with respect to grant monies to the extent otherwise directed or restricted by the terms of the grant, may be (i) credited to the Infrastructure Bonds Fund, (ii) used to pay debt service on the bonds authorized by this section, (iii) used to satisfy compliance with applicable requirements of the federal tax law, or (iv) transferred to the General Fund of the State.

The proceeds of bonds and notes may be used with any other monies made available by the General Assembly for funding the projects authorized by this section, including the proceeds of any other State bond issues, whether heretofore made available or which may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The proceeds of bonds and notes shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

(3) Tracking of bond proceeds. – The State Treasurer or his or her designee is hereby authorized and directed to set up a comprehensive system of tracking the proceeds of the highway bonds and the infrastructure bonds to the extent necessary to enable the State Treasurer or his or her designee to properly account for the use of such proceeds for compliance with applicable requirements of the federal tax law or otherwise. All recipients of such proceeds shall comply with any tracking system implemented by the State Treasurer or his or her designee for this purpose. The State Treasurer may withhold bond proceeds from any State agency or department not complying with this subdivision.

(4) Costs. – Allocations to the costs of a capital improvement or undertaking in each case may include allocations to pay the costs set forth in sub-subdivisions c. through g. of subdivision (2) of subsection (c) of this section in connection with the issuance of bonds for that capital improvement or undertaking.
SECTION 25.(h) Election. – The questions of the issuance of the bonds authorized
by this section shall be submitted to the qualified voters of the State at an election to be held in
October or November of 2015. Any other primary, election, or referendum validly called or
scheduled by law at the time the election on the bond question provided for in this subsection is
held may be held as called or scheduled. Notice of the election shall be given in the manner and
at the times required by G.S. 163-33(8). The election and the registration of voters therefor
shall be held under and in accordance with the general laws of the State. Absentee ballots shall
be authorized in the election.

The State Board of Elections shall reimburse the counties of the State for all
necessary expenses incurred in holding the election that are in addition to those that would have
otherwise been incurred, the same to be paid out of the Contingency and Emergency Fund or
other funds available to the State Board of Elections.

Ballots, voting systems authorized by Article 14A of Chapter 163 of the General
Statutes, or both, may be used in accordance with rules prescribed by the State Board of
Elections. The bond questions to be used in the ballots or voting systems shall be in
substantially the following form:

"[ ] FOR [ ] AGAINST

The issuance of one billion five hundred million dollars ($1,500,000,000) State of
North Carolina Highway Bonds constituting general obligation bonds of the State secured by a
pledge of the faith and credit and taxing power of the State for the purpose of providing funds,
with any other available funds, to fund the construction, improvement, and relocation of
highways, roads, bridges, and any related infrastructure of the State."

"[ ] FOR [ ] AGAINST

The issuance of one billion five hundred million dollars ($1,500,000,000) State of
North Carolina Infrastructure Bonds constituting general obligation bonds of the State secured
by a pledge of the faith and credit and taxing power of the State for the purpose of providing
funds, with any other available funds, to fund capital improvements and new facilities for the
State, including, without limitation: the construction and furnishing of new facilities;
renovation and rehabilitation of existing facilities; and expansion and improvement of the
State's technology infrastructure for the State, various State agencies, the North Carolina
National Guard, The University of North Carolina System, and the community college system."

If a majority of those voting on a bond question in the election vote in favor of the
issuance of the bonds described in the question, those bonds may be issued as provided in this
section. If a majority of those voting on a bond question in the election vote against the
issuance of the bonds described in the question, those bonds shall not be issued.

The results of the election shall be canvassed and declared as provided by law for
elections for State officers; the results of the election shall be certified by the State Board of
Elections to the Secretary of State, in the manner and at the time provided by the general
election laws of the State.

SECTION 25.1.(i) Issuance of Bonds and Notes. –

(1) Terms and conditions. – Bonds or notes may bear such date or dates, may be
serial or term bonds or notes, or any combination thereof, may mature in
such amounts and at such time or times, not exceeding 40 years from their
date or dates, may be payable at such place or places, either within or
without the United States of America, in such coin or currency of the United
States of America as at the time of payment is legal tender for payment of
public and private debts, may bear interest at such rate or rates, which may
vary from time to time, and may be made redeemable before maturity, at the
option of the State or otherwise as may be provided by the State, at such
price or prices, including a price less than the face amount of the bonds or
notes, and under such terms and conditions, all as may be determined by the
State Treasurer, by and with the consent of the Council of State.

(2) Signatures; form and denomination; registration. – Bonds or notes may be
issued as certificated or uncerificated obligations. If issued as certificated
obligations, bonds or notes shall be signed on behalf of the State by the
Governor or shall bear his or her facsimile signature, shall be signed by the
State Treasurer or shall bear his or her facsimile signature, and shall bear the
Great Seal of the State of North Carolina or a facsimile thereof shall be
impressed or imprinted thereon. If bonds or notes bear the facsimile
signatures of the Governor and the State Treasurer, the bonds or notes shall
also bear a manual signature, which may be that of a bond registrar, trustee,
paying agent, or designated assistant of the State Treasurer. Should any
officer whose signature or facsimile signature appears on bonds or notes
cease to be such officer before the delivery of the bonds or notes, the
signature or facsimile signature shall nevertheless have the same validity for
all purposes as if the officer had remained in office until delivery, and bonds
or notes may bear the facsimile signatures of persons who at the actual time
of the execution of the bonds or notes shall be the proper officers to sign any
bond or note, although at the date of the bond or note such persons may not
have been such officers. The form and denomination of bonds or notes,
including the provisions with respect to registration of the bonds or notes
and any system for their registration, shall be as the State Treasurer may
determine in conformity with this section; provided, however, that nothing in
this section shall prohibit the State Treasurer from proceeding, with respect
to the issuance and form of the bonds or notes, under the provisions of
Chapter 159E of the General Statutes, the Registered Public Obligations Act,
as well as under this section.

(3) Manner of sale; expenses. – Subject to the consent of the Council of State,
the State Treasurer shall determine the manner in which bonds or notes shall
be offered for sale, whether at public or private sale, whether within or
without the United States of America, and whether by publishing notices in
certain newspapers and financial journals, mailing notices, inviting bids by
correspondence, negotiating contracts of purchase, or otherwise, and the
State Treasurer is authorized to sell bonds or notes at one time or from time
to time at such rate or rates of interest, which may vary from time to time,
and at such price or prices, including a price less than the face amount of the
bonds or the notes, as the State Treasurer may determine. All expenses
incurred in preparation, sale, and issuance of bonds or notes shall be paid by
the State Treasurer from the proceeds of bonds or notes or other available
monies.

(4) Notes; repayment. –
a. Subject to the consent of the Council of State, the State Treasurer is
hereby authorized to borrow money and to execute and issue notes of
the State for the same, but only in the following circumstances and
under the following conditions:
1. For anticipating the sale of bonds to the issuance of which the
Council of State shall have given consent, if the State
Treasurer shall deem it advisable to postpone the issuance of
the bonds.
2. For the payment of interest on or any installment of principal
of any bonds then outstanding, if there shall not be sufficient
funds in the State treasury with which to pay the interest or
installment of principal as they respectively become due.
3. For the renewal of any loan evidenced by notes herein
authorized.
4. For the purposes authorized in this section.
5. For refunding bonds or notes as herein authorized.
b. Funds derived from the sale of bonds or notes may be used in the
payment of any bond anticipation notes issued under this section.
Funds provided by the General Assembly for the payment of interest
on or principal of bonds shall be used in paying the interest on or
principal of any notes and any renewals thereof, the proceeds of
which shall have been used in paying interest on or principal of the
bonds.
(5) Refunding bonds and notes. – By and with the consent of the Council of
State, the State Treasurer is authorized to issue and sell refunding bonds and
notes pursuant to the provisions of the State Refunding Bond Act for the
purpose of refunding bonds or notes issued pursuant to this section. The
refunding bonds and notes may be combined with any other issues of State
bonds and notes similarly secured.
(6) Tax exemption. – Bonds and notes shall be exempt from all State, county,
and municipal taxation or assessment, direct or indirect, general or special,
whether imposed for the purpose of general revenue or otherwise, excluding
inheritance and gift taxes, income taxes on the gain from the transfer of
bonds and notes, and franchise taxes. The interest on bonds and notes shall
not be subject to taxation as to income.
(7) Investment eligibility. – Bonds and notes are hereby made securities in
which all public officers, agencies, and public bodies of the State and its
political subdivisions, all insurance companies, trust companies, investment
companies, banks, savings banks, savings and loan associations, credit
unions, pension or retirement funds, other financial institutions engaged in
business in the State, executors, administrators, trustees, and other
fiduciaries may properly and legally invest funds, including capital in their
control or belonging to them. Bonds and notes are hereby made securities
which may properly and legally be deposited with and received by any
officer or agency of the State or political subdivision of the State for any
purpose for which the deposit of bonds, notes, or obligations of the State or
any political subdivision of the State is now or may hereafter be authorized
by law.
(8) Faith and credit. – The faith and credit and taxing power of the State are
hereby pledged for the payment of the principal of and the interest on bonds
and notes. In addition to the State’s right to amend any provision of this
section to the extent it does not impair any contractual right of a bond owner,
the State expressly reserves the right to amend any provision of this section
with respect to the making and repayment of loans, the disposition of any
repayments of loans, and any intercept provisions relating to the failure of a
local government unit to repay a loan, the bonds not being secured in any
respect by loans, any repayments thereof, or any intercept provisions with
respect thereto.

SECTION 25.1.(j) Variable Interest Rates. – In fixing the details of bonds and
notes, the State Treasurer may provide that any of the bonds or notes may:
Be made payable from time to time on demand or tender for purchase by the owner thereof, provided a credit facility agreement supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility agreement is not required, upon a finding and determination by the State Treasurer, that the absence of a credit facility agreement will not materially or adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;

(2) Be additionally supported by a credit facility agreement;

(3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;

(4) Bear interest at a rate or rates that may vary for such period or periods of time, all as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and

(5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility agreement or to the State.

If the aggregate principal amount repayable by the State under a credit facility agreement is in excess of the aggregate principal amount of bonds or notes secured by the credit facility agreement, whether as a result of the inclusion in the credit facility agreement of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility agreement shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

SECTION 25.1.(k) Interpretation of Section. –

(1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing.

(2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to these sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

(3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to affect the purposes thereof.

(4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general laws, or parts thereof, the provisions of this section shall be controlling.

(5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 25.1.(l) This section is effective when it becomes law.

PART XXVI. DEPARTMENT OF TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATION
SECTION 26.1. The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2017-2018 $1,928 million
For Fiscal Year 2018-2019 $1,954 million
For Fiscal Year 2019-2020 $2,038 million
For Fiscal Year 2020-2021 $2,122 million

SECTION 26.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2017-2018 $1,203 million
For Fiscal Year 2018-2019 $1,232 million
For Fiscal Year 2019-2020 $1,260 million
For Fiscal Year 2020-2021 $1,296 million

DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL

SECTION 26.2. Expenditures for out-of-state travel, excluding expenditures charged to federal projects and expenditures reimbursed by non-State agencies, by the Department of Transportation for the 2015-2016 fiscal year and all subsequent fiscal years shall not exceed eight hundred fifty thousand dollars ($850,000). For purposes of this section, "expenditures for out-of-state travel" includes transportation, conference, registration, and education expenses, lodging, and meals for Department of Transportation employees traveling outside of the State and not charged to a federal project or reimbursed by non-State agencies.

CLARIFY DOT PRIVATE DEVELOPER REPORTING

SECTION 26.3. G.S. 136-28.6 reads as rewritten:

"§ 136-28.6. Participation by the Department of Transportation with private developers.

..."

(h) The Secretary shall report in writing, on an quarterly basis, to the Joint Legislative Commission on Governmental Operations on all agreements entered into between a private developer and the Department of Transportation for participation in private engineering and construction contracts under this section, as well as (i) agreements by counties and municipalities to participate in private engineering and construction contracts under subsection (i) of this section and (ii) pass-through funding from private developers to counties or municipalities for State transportation projects.

(i) Counties and municipalities may participate financially in private engineering, land acquisition, and construction contracts for transportation projects which meet the requirements of subsection (b) of this section within their jurisdiction.

..."

HIGHWAY FUND CREDIT RESERVE

SECTION 26.4.(a) G.S. 136-44.2 reads as rewritten:

"§ 136-44.2. Budget and appropriations.

..."

(f1) The credit reserve for the Highway Fund consists of the following:

(1) The unreserved credit balance in the Highway Fund on the last day of the fiscal year to the extent the balances exceed the amount estimated for that date in the Current Operations Appropriations Act for the following fiscal year.

(2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:

a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and
pedestrian, ferry, railroad, aviation, and public transportation
programs, excluding funds deposited in the Freight Rail & Rail
Crossing Safety Improvement Fund.

b. Funds appropriated from the Highway Fund for the construction
programs of the Department, consisting of funds for secondary
construction, access and public service roads, spot safety
improvement, contingency, small urban construction, and economic
development programs.

(3) The unencumbered and unexpended balances on the last day of the fiscal
year for the following:
   a. Central and program administration.
   b. Transfers to other State agencies or departments not used or returned.

(4) The remaining balance for (i) any open project that has been inactive for two
or more years after construction of the project has been completed or (ii) any
project that is not obligated during the first two fiscal years in which funds
are appropriated."

DIVISION OF MOTOR VEHICLES POSITION FUNDING

SECTION 26.5. Notwithstanding any other provision of law, the Department of
Transportation may use funds appropriated from the Highway Trust Fund to continue funding
positions within the Division of Motor Vehicles that were funded by the Highway Trust Fund
during the 2013-2014 fiscal year. Title Fee revenue, Highway Use Tax and some miscellaneous
Registration Fees are appropriated in the Highway Trust Fund. DMV positions inspect and
process title work, registration transactions and collect necessary fees. These positions also
resolve title and registration transaction issues.

DOT LEGAL SERVICES

SECTION 26.6.(a) The Department of Transportation may engage the services of
private counsel with the pertinent expertise to provide legal services to the Department. The
Department shall supervise and manage the private counsel engaged under this section and
shall not be required to obtain written permission or approval from the Attorney General under
G.S. 114-2.3.

RENAME SYSTEM PRESERVATION PROGRAM

SECTION 26.7. The Department of Transportation shall rename the "system
preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this
program shall be used for improvements to structurally deficient bridges, functionally obsolete
bridges, and preservation to structurally sound bridges. All projects funded under this program,
with the exception of inspection, pre-engineering, contract preparation, contract administration
and oversight, and planning activities, shall be outsourced to private contractors.

REDIRECT TAX PROCEEDS

SECTION 26.8. If there is not a modification of the Motor Fuel Tax Rate, the
Highway Fund and the Highway Trust Fund base budget should be reduced to match
anticipated revenue. The maintenance reserves in the Highway Fund and the Strategic
Prioritization Program in the Highway Trust Fund should be reduced in order to match the
consensus revenue forecast.

PART XXVII. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE
SECTION 27.1.(a) The salary of the Governor as provided by G.S. 147-11(a) shall remain unchanged for the 2015-2017 fiscal biennium.

SECTION 27.1.(b) The annual salaries for members of the Council of State, payable monthly, shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

<table>
<thead>
<tr>
<th>Council of State</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lieutenant Governor</td>
<td>$125,676</td>
</tr>
<tr>
<td>Attorney General</td>
<td>125,676</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>125,676</td>
</tr>
<tr>
<td>State Treasurer</td>
<td>125,676</td>
</tr>
<tr>
<td>State Auditor</td>
<td>125,676</td>
</tr>
<tr>
<td>Superintendent of Public Instruction</td>
<td>125,676</td>
</tr>
<tr>
<td>Agriculture Commissioner</td>
<td>125,676</td>
</tr>
<tr>
<td>Insurance Commissioner</td>
<td>125,676</td>
</tr>
<tr>
<td>Labor Commissioner</td>
<td>125,676&quot;</td>
</tr>
</tbody>
</table>

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 27.2. The annual salaries, payable monthly, for the following executive branch officials shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

<table>
<thead>
<tr>
<th>Executive Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman, Alcoholic Beverage Control Commission</td>
<td>$111,868</td>
</tr>
<tr>
<td>State Controller</td>
<td>156,159</td>
</tr>
<tr>
<td>Commissioner of Banks</td>
<td>125,676</td>
</tr>
<tr>
<td>Chair, Board of Review, Division of Employment Security</td>
<td>123,255</td>
</tr>
<tr>
<td>Members, Board of Review, Division of Employment Security</td>
<td>121,737</td>
</tr>
<tr>
<td>Chairman, Parole Commission</td>
<td>102,235</td>
</tr>
<tr>
<td>Members of the Parole Commission</td>
<td>94,464</td>
</tr>
<tr>
<td>Chairman, Utilities Commission</td>
<td>139,849</td>
</tr>
<tr>
<td>Members of the Utilities Commission</td>
<td>125,676</td>
</tr>
<tr>
<td>Executive Director, North Carolina</td>
<td>108,915&quot;</td>
</tr>
</tbody>
</table>

JUDICIAL BRANCH

SECTION 27.3.(a) The annual salaries, payable monthly, for specified judicial branch officials shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

<table>
<thead>
<tr>
<th>Judicial Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice, Supreme Court</td>
<td>$143,623</td>
</tr>
<tr>
<td>Associate Justice, Supreme Court</td>
<td>139,896</td>
</tr>
<tr>
<td>Chief Judge, Court of Appeals</td>
<td>137,682</td>
</tr>
<tr>
<td>Judge, Court of Appeals</td>
<td>134,109</td>
</tr>
<tr>
<td>Judge, Senior Regular Resident Superior Court</td>
<td>130,492</td>
</tr>
<tr>
<td>Judge, Superior Court</td>
<td>126,875</td>
</tr>
<tr>
<td>Chief Judge, District Court</td>
<td>115,301</td>
</tr>
<tr>
<td>Judge, District Court</td>
<td>111,684</td>
</tr>
<tr>
<td>District Attorney</td>
<td>121,737</td>
</tr>
<tr>
<td>Administrative Officer of the Courts</td>
<td>129,259</td>
</tr>
<tr>
<td>Assistant Administrative Officer of the Courts</td>
<td>118,152</td>
</tr>
<tr>
<td>Public Defender</td>
<td>121,737</td>
</tr>
<tr>
<td>Director of Indigent Defense Services</td>
<td>125,498</td>
</tr>
</tbody>
</table>

LEGISLATIVE BRANCH
SECTION 27.4. For the 2015-2017 fiscal biennium, the salaries of members and officers of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3, as provided in 1994 by the 1993 General Assembly.

MOST STATE EMPLOYEES

SECTION 27.5. For the 2015-2017 fiscal biennium, the salaries in effect June 30, 2015, for the following employees shall remain unchanged, effective July 1, 2015:

1. Permanent full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
2. Permanent full-time State officials and persons in positions exempt from the State Human Resources Act.
3. Permanent part-time State employees.
4. Temporary and permanent hourly State employees.

MAINTAIN COMMUNITY COLLEGE MINIMUM SALARIES

SECTION 27.6. The minimum salaries for nine-month, full-time curriculum community college faculty shall remain unchanged as follows:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Minimum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational Diploma/Certificate or Less</td>
<td>$35,314</td>
</tr>
<tr>
<td>Associate Degree or Equivalent</td>
<td>35,819</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>38,009</td>
</tr>
<tr>
<td>Masters Degree or Education Specialist</td>
<td>39,952</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>42,753</td>
</tr>
</tbody>
</table>

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SALARY ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES/AUTHORIZED SALARY EXCEPTION FUND ACTIONS NOT PROHIBITED

SECTION 27.7.(a) The annual compensation of all employees subject to or exempt from the State Human Resources Act, including employees of local boards of education, community colleges, and The University of North Carolina, for the 2015-2017 fiscal biennium shall remain unchanged from that authorized on June 30, 2015, or the last date in pay status during the 2013-2015 fiscal biennium, if earlier, unless an increase is authorized by this section or under the Salary Exception Fund established by this act.

SECTION 27.7.(b) Salary increases may be awarded during the 2015-2017 fiscal biennium under this section only for the following special circumstances:

1. For all State employees regardless of funding source, and for employees of the North Carolina Community College System and local school boards who are paid from State funds, salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this Part. All other salary increases are prohibited.

1a. For employees of the North Carolina Community College System, notwithstanding subdivision (1) of this subsection, salaries may be increased if the increase is (i) funded from local funding sources or (ii) for the purposes of retention or equity.
(2) For The University of North Carolina, (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund; (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources; (iii) faculty, nonfaculty, and other employees for the purposes of retention or equity.

(3) For employees of the judicial branch, for local supplementation as authorized by G.S. 7A-300.1.

The cumulative salary adjustment allowed under this subsection for each fiscal year during the 2015-2017 fiscal biennium may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the State Board of Community Colleges, the local board of community college trustees, the Legislative Services Commission, the local board of education, or other authorized body, as appropriate.

**ESTABLISH SALARY EXCEPTION FUND**

**SECTION 27.8.(a)** The Salary Exception Fund is established to appropriate funds to implement a new market-aligned salary structure for State agencies and to adjust salaries in State job classifications where employee pay is below market value and not competitive in the marketplace and where the State is having difficulty recruiting and retaining employees. These salary adjustments will be based on relativity to market or performance. The Office of State Human Resources will establish priorities based on market, turnover, and recruitment.

Funds may only be used for salary adjustments for the stated purposes that are in compliance with State Human Resources Commission policies and other provisions of the Act. For the executive branch, funding shall be approved by the State Human Resources Commission or Office of State Human Resources and shall not be used for any other purposes.

**SECTION 27.8.(b)** Employees of The University of North Carolina System, local school boards, and community colleges are not eligible for funding authorized in this section.

**SECTION 27.8.(c)** The Director of the Budget may transfer to General Fund budget codes from the Salary Exception Fund amounts required to support salary adjustments authorized by this section.

**SECTION 27.8.(d)** Notwithstanding any provision of law to the contrary, the Chief Justice of the North Carolina Supreme Court shall have the authority to make salary exceptions for employees of the Judicial Department subject to funds available.

**TRANSFERS TO SALARY EXCEPTION FUND**

**SECTION 27.9.(a)** Of the funds appropriated by this act to the Department of Public Instruction to fund movement along the teacher salary scale, the sum of ten million dollars ($10,000,000) for the 2015-2016 fiscal year and the sum of ten million dollars ($10,000,000) for the 2016-2017 fiscal year are transferred, due to updated projections, to the Salary Exception Fund created by this Part, with the appropriate totals adjusted accordingly.

**SECTION 27.9.(b)** Of the funds appropriated by this act to the JDIG Reserve Fund, the sum of twenty-six million dollars ($26,000,000) for the 2015-2016 fiscal year and the sum of twenty-four million five hundred thousand dollars ($24,500,000) for the 2016-2017 fiscal year are transferred, due to updated projections, to the Salary Exception Fund created by this Part, with the appropriate totals adjusted accordingly.

**REDUCTION THROUGH REORGANIZATION AUTHORIZATION**

**SECTION 27.10.(a)** Section 8.3 of S.L. 2013-382 reads as rewritten:
"SECTION 8.3. This Part is effective when it becomes law and expires June 30, 2014-2017. The Office of State Personnel Human Resources and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on January 31, 2014, April 30, 2014, and September 1, 2014 annually on this program."

SECTION 27.10.(b) Severance and any other payments made pursuant to the implementation of the RTR program shall be made from the severance reserve and any remaining balance at June 30, 2015, for all cabinet agencies, shall not revert and shall be carried forward.

PART XXVIII. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 28.1. There is appropriated from the General Fund for the 2015-2017 fiscal biennium the following amounts for capital improvements:

<table>
<thead>
<tr>
<th>Capital Improvements – General Fund</th>
<th>2015-2016</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Environment and Natural Resources</td>
<td>$7,903,000</td>
<td>5,083,000</td>
</tr>
</tbody>
</table>

| Department of Public Safety | National Guard Major Renovation | 618,000 | 5,087,500 |

TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND: $8,521,000 $10,170,500

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 28.2.(a) The Department of Environment and Natural Resources shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated ten million four hundred seventy thousand dollars ($10,470,000) in federal funds.

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) B. Everett Jordan Lake Water Supply</td>
<td>200,000</td>
</tr>
<tr>
<td>(2) Carolina Beach Coastal Storm Damage Reduction</td>
<td>673,000</td>
</tr>
<tr>
<td>(3) Kure Beach Coastal Storm Damage Reduction</td>
<td>642,000</td>
</tr>
<tr>
<td>(4) Wrightsville Beach Coastal Storm Damage Reduction</td>
<td>81,000</td>
</tr>
<tr>
<td>(5) Ocean Isle Beach Coastal Storm Damage Reduction</td>
<td>81,000</td>
</tr>
<tr>
<td>(6) Water Resources Planning in Support of SL 2010-143</td>
<td>75,000</td>
</tr>
<tr>
<td>(7) State/Local Water Resources Development Grants</td>
<td>1,000,000</td>
</tr>
<tr>
<td>(8) Cape Fear Lock &amp; Dam #2 Fish Ramp – Phase 1</td>
<td>250,000</td>
</tr>
<tr>
<td>(9) North Topsail Beach Shoreline Protection Project – Phase 2</td>
<td>500,000</td>
</tr>
<tr>
<td>(10) Western Stream Initiative NRCS</td>
<td>1,000,000</td>
</tr>
<tr>
<td>(11) Linville River Restoration Phase 3</td>
<td>250,000</td>
</tr>
<tr>
<td>(12) High Hazards Dams – Breath Path</td>
<td>250,000</td>
</tr>
<tr>
<td>(13) Carolina Beach 15year Study</td>
<td>81,000</td>
</tr>
<tr>
<td>(14) Wilmington Harbor Maintenance</td>
<td>0.00</td>
</tr>
<tr>
<td>(15) Morehead City Harbor Maintenance</td>
<td>0.00</td>
</tr>
</tbody>
</table>
SECTION 28.2.(b) It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement seven million nine hundred three thousand dollars ($7,903,000) appropriated for water resources development projects in Section 36.2(a) of SL 2014-100, as amended by Section 28.1 of this act. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Amount Carried Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Wilmington Harbor Improvements Feasibility Study</td>
<td>$ 225,000</td>
</tr>
<tr>
<td>(2) Surf City/North Topsail Coastal Storm Damage Reduction</td>
<td>135,000</td>
</tr>
<tr>
<td>(3) West Onslow Beach Coastal Storm Damage Reduction</td>
<td>135,000</td>
</tr>
<tr>
<td>(4) Planning Assistant to Communities</td>
<td>25,000</td>
</tr>
<tr>
<td>(5) Wilmington Harbor Deepening Project</td>
<td>600,000</td>
</tr>
<tr>
<td>(6) Bogue Banks CSDR</td>
<td>165,000</td>
</tr>
<tr>
<td>(7) Carolina Beach CSDR</td>
<td>727,000</td>
</tr>
<tr>
<td>(8) Carolina Beach Area South (Kure Beach) CSDR</td>
<td>808,000</td>
</tr>
</tbody>
</table>

**TOTALS**

$ 2,820,000

**NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

SECTION 28.3. The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Amount of Non-General Fund Funding Authorized for FY 2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Environment and Natural Resources</td>
<td></td>
</tr>
<tr>
<td>AQM – Fort Fisher Saltwater Well</td>
<td>$ 590,000</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td></td>
</tr>
<tr>
<td>DMV HQ Design and Construction</td>
<td>4,844,000</td>
</tr>
<tr>
<td>Anson County Blacksmith Shop</td>
<td>195,000</td>
</tr>
<tr>
<td>Nash County Equipment Sub-Shop</td>
<td>194,200</td>
</tr>
<tr>
<td>Gaston County Equipment Sub-Shop</td>
<td>2,409,000</td>
</tr>
<tr>
<td>Greenville DMV/SHP Office and SHP Garage</td>
<td>5,344,700</td>
</tr>
<tr>
<td>Wildlife Resources Commission</td>
<td></td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>3,750,000</td>
</tr>
<tr>
<td>Boating Access Areas – New Construction</td>
<td>900,000</td>
</tr>
<tr>
<td>Jordan Lake Depot</td>
<td>500,000</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED**

$18,726,900

**PROPERTY APPRAISALS**

SECTION 28.4. Article 7 of Chapter 19A of the General Statutes reads as rewritten:

"Article 7.
"Dispositions."
§ 146-27. The role of the Department of Administration in sales, leases, and rentals.
(a) General. – Every sale, lease, rental, or gift of land owned by the State or by any State agency shall be made by the Department of Administration and approved by the Governor and Council of State. A lease or rental of land owned by the State may not exceed a period of 99 years. The Department of Administration may initiate proceedings for sales, leases, rentals, and gifts of land owned by the State or by any State agency. At the discretion of the Director of the Budget, the Office of State Budget and Management may contract with a real estate appraiser licensed or certified by the State, in order to obtain an appraisal of State-owned real estate or an interest in State-owned real estate.
(b) Large Disposition. – If a proposed disposition is a sale or gift of land with an appraised value of at least twenty-five thousand dollars ($25,000), the sale or gift shall not be made until after consultation with the Joint Legislative Commission on Governmental Operations.
(c) Expired effective September 1, 2007."

USS NORTH CAROLINA BATTLESHIP HULL REPAIRS
SECTION 28.5. Section 36.10 of S.L. 2014-100 reads as rewritten:
"SECTION 36.10. The General Assembly authorizes USS North Carolina Battleship hull and cofferdam repairs to be funded at a maximum cost of thirteen million dollars ($13,000,000) in accordance with this section. The sum of three million dollars ($3,000,000) of the proceeds of bonds issued pursuant to Section 36.12(f)(7) of this act shall be used for this project. The remainder of the project shall be funded with receipts or from other non-General Fund sources available to the Department of Cultural Resources, and those funds are hereby appropriated for that purpose."

PART XXIX. OCCUPATIONAL LICENSING BOARDS
BARBER EXAMINER
SECTION 29.1.(a) G.S. 86A-6 reads as rewritten:
"§ 86A-6. Office; seal; officers and executive director; funds. The Board shall maintain a suitable office in Raleigh, and shall adopt and use a common seal for the authentication of its orders and records. The Board shall annually elect its own officers, and in addition, may elect or appoint a full-time executive director who shall not be a member of the Board, and whose salary shall be fixed by the Board. The executive director shall turn over to the State Treasurer to be credited to the State Board of Barber Examiners all funds collected or received under this Chapter, the funds to be held and expended under the supervision of the Director of the Budget, exclusively for the enforcement and administration of the provisions of this Chapter. Nothing herein shall be construed to authorize any expenditure in excess of the amount available from time to time in the hands of the State Treasurer derived from fees collected under the provisions of this Chapter and received by the State Treasurer pursuant to the provisions of this section."
SECTION 29.1.(b) G.S. 86A-7 reads as rewritten:
"§ 86A-7. Salary and expenses; employees; audits; annual reports to the Governor. (a) Each member of the Board of Barber Examiners shall be reimbursed for his actual expenses and shall receive compensation and travel allowance according to G.S. 93B-5 for the distance traveled in performance of his duties. The expenses, compensation and all other salaries and expenses in connection with the administration of this Chapter, shall be paid upon warrant drawn on the State Treasurer, solely from the funds derived from fees collected and received under this Chapter.
(b) The Board shall employ such agents, assistants and attorneys as it deems necessary.
(c) Repealed by Session Laws 1981, c. 884, s. 6.
(d) Repealed by Session Laws 1983, c. 913, s. 8.
(e) The Board shall report annually to the Governor, a full statement of its receipts and expenditures, and also a full statement of its work during the year, together with such recommendations as it may deem expedient."

**COSMETIC ARTS**

**SECTION 29.2.** G.S. 88B-6 reads as rewritten:

"§ 88B-6. Board office, employees, funds, budget requirements.
(a) The Board shall maintain its office in Raleigh, North Carolina.
(b) The Board shall employ an executive director who shall not be a member of the Board. The executive director shall keep all records of the Board, issue all necessary notices, and perform any other duties required by the Board.
(c) With the approval of the Director of the Budget and the Office of State Human Resources, the Board may employ as many inspectors, investigators, and other staff as necessary to perform inspections and other duties prescribed by the Board. Inspectors and investigators shall be experienced in all parts of cosmetic art and shall have authority to examine cosmetic art shops and cosmetic art schools during business hours to determine compliance with this Chapter.
(d) The salaries of all employees of the Board, excluding the executive director, shall be subject to the North Carolina Human Resources Act. The executive director shall serve at the pleasure of the Board.
(e) The executive director may collect in the Board's name and on its behalf the fees prescribed in this Chapter and shall turn these and any other monies paid to the Board over to the State Treasurer. These funds shall be credited to the Board and shall be held and expended under the supervision of the Director of the Budget only for the administration and enforcement of this Chapter. Nothing in this Chapter shall authorize any expenditure in excess of the amount credited to the Board and held by the State Treasurer as provided in this subsection.
(f) The Executive Budget Act and the North Carolina Human Resources Act apply to the administration of this Chapter."

**OPTICIANS**

**SECTION 29.3.(a)** G.S. 90-245 reads as rewritten:

"§ 90-245. Collection of fees.
The secretary to the Board is hereby authorized and empowered to collect in the name and on behalf of this Board the fees prescribed by this Article, and shall turn over to the State Treasurer all funds collected or received under this Article, which funds shall be credited to the North Carolina State Board of Opticians, and said Article. The funds shall be held and expended under the supervision of the Director of the Budget of the State of North Carolina exclusively for the administration and enforcement of the provisions of this Article. Nothing in this Article shall be construed to authorize any expenditure in excess of the amount available from time to time in the hands of the State Treasurer derived from the fees collected under the provisions of this Article and received by the State Treasurer in the manner aforesaid."

**SECTION 29.3.(b)** G.S. 90-270.18(a) is repealed.

**AUCTIONEER**

**SECTION 29.4.(a).** G.S. 85B-4.1 reads as rewritten:

"§ 85B-4.1. Auctioneer Recovery Fund.
(a) In addition to license fees, upon application for a license or renewal of a license, the Commission may charge the applicant or licensee up to fifty dollars ($50.00) per year to be included in the Fund.
(b) The Commission shall maintain at least two hundred thousand dollars ($200,000) in the Fund for use as provided in this Chapter. The Fund may be invested by the State Treasurer in interest bearing accounts, and any interest accrued shall be added to the Fund. Sufficient liquidity shall be maintained to insure that funds will be available to satisfy claims processed through the Board. The Fund may be disbursed by a warrant drawn against the State Treasurer or by other method at the discretion of the State Treasurer."

SECTION 29.4.(b) G.S. 85B-6 reads as rewritten:

"§ 85B-6. Fees; local governments not to charge fees or require licenses.

(a) The Commission shall collect and remit to the State Treasurer fees in an amount not to exceed the following:

..."
(c) The Board may specify reasonable charges for duplication services, materials, and returned bank items in its rules."

**PART XXX. MISCELLANEOUS PROVISIONS**

**STATE BUDGET ACT APPLIES**

**SECTION 30.1.** The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

**MOST TEXT APPLIES ONLY TO THE 2015-2017 FISCAL BIENNIAL**

**SECTION 30.2.** Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2015-2017 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2015-2017 fiscal biennium.

**EFFECT OF HEADINGS**

**SECTION 30.3.** The headings to the Parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

**SEVERABILITY CLAUSE**

**SECTION 30.4.** If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

**ATTACHMENTS**

**SECTION 30.5.**

**ATTACHMENT A**

<table>
<thead>
<tr>
<th>STIP</th>
<th>DIV</th>
<th>COUNTY</th>
<th>ROUTE</th>
<th>DESCRIPTION</th>
<th>FUNDED CATEGORY</th>
<th>REMAINING COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-2584C</td>
<td>1</td>
<td>NORTHAMPTON</td>
<td>US158</td>
<td>US 158 FROM EAST OF SR 1365 TO THE MURFREESBORO BYPASS. US 17 FROM WASHINGTON BYPASS NORTH OF NC 171 TO MULTI-LANES SOUTH OF WILLIAMSTON. SR 1598 (DICKINSON AVENUE) FROM NC 11 TO SR 1610 (READE CIRCLE) IN GREENVILLE.</td>
<td>DIV</td>
<td>$15,505.00</td>
</tr>
<tr>
<td>R-2511</td>
<td>1 &amp;</td>
<td>BEAUFORT/MARTIN</td>
<td>US17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U-5606</td>
<td>2</td>
<td>PITT</td>
<td>SR1598</td>
<td></td>
<td></td>
<td>$72,100.00</td>
</tr>
<tr>
<td>R-4463A</td>
<td>2</td>
<td>CRAVEN</td>
<td>SR1304</td>
<td>NC 43 CONNECTOR FROM US 17 TO SOUTH OF US 70</td>
<td>REG</td>
<td>$11,375.00</td>
</tr>
</tbody>
</table>

H940 [Edition 1]
<table>
<thead>
<tr>
<th>Reference</th>
<th>State</th>
<th>Route</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-2303</td>
<td>Sampson</td>
<td>NC 24</td>
<td>From US 421-701/SR 1296 (Sunset Avenue) to West of SR 1920 (Moltonville Rd)</td>
</tr>
<tr>
<td>R-2814</td>
<td>Wake/Franklin</td>
<td>US 401</td>
<td>From NC 96 to SR 1103</td>
</tr>
<tr>
<td>U-443</td>
<td>Wake</td>
<td>NC 54</td>
<td>Raleigh – NC 54 (Hillsborough Street) and SR 1664-3074 (Blue Ridge Road) near CSX Transportation System and Southern Railroad and SR 3042 (Beryl Road) Fayetteville Outer Loop, I-95 in Robeson County to South of SR 1118 (Parkton Road) in Cumberland County Fayetteville – SR 1007 (All-American Freeway) from SR 1151 (Owen Drive) to North of SR 1437 (Santa Fe Drive)</td>
</tr>
<tr>
<td>U-251</td>
<td>Cumberland/Robeson</td>
<td>I-295</td>
<td>From US 311 Bypass to SR 4228 (Vickrey Chapel Road)</td>
</tr>
<tr>
<td>U-441</td>
<td>Cumberland</td>
<td>SR 1007</td>
<td>MEBANE – NC 119 Relocation from North of US 70 to South of SR 1918 (Mrs. White Road)</td>
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<td>U-310</td>
<td>Alamance</td>
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<td>From US 1 from 2 km North of SR 1606 (Fox Rd) to South of SR 1001 (Marston Road)</td>
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<td>R-2501</td>
<td>Richmond</td>
<td>US 1</td>
<td>NC 24-27 from NC 73 to Troy Bypass (Cost includes B-4974) Winston-Salem Northern Beltway From NC 67 to South of US 52 Planning Document includes U-2579</td>
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The document includes various road projects and their associated funding amounts.
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<td>I-0911</td>
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<td>Iredell</td>
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## ATTACHMENT B

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**Department of Agriculture and Consumer Services Total** $11,000,000

| Department of Cultural Resources | Brunswick Town Ft. Anderson Historic Site – Shoreline protection measures | Brunswick | $3,500,000 |
| Department of Cultural Resources | Graveyard of the Atlantic Museum – New Permanent Exhibits | Dare | $3,500,000 |
| Department of Cultural Resources | NC Transportation Museum | Rowan | $15,000,000 |
| Department of Cultural Resources | Reed Gold Mine State Historic Site | Cabarrus | $7,000,000 |
| Department of Cultural Resources | Statewide Building Mechanical and Electrical System Repairs | Statewide | $24,000,000 |
| Department of Cultural Resources | Statewide Building Roof Repairs | Statewide | $11,000,000 |
| Department of Cultural Resources | USS NC Battleship – New Visitor’s Center | New Hanover | $11,500,000 |

**Department of Cultural Resources Total** $75,500,000

<p>| Department of Environment and Natural Resources | Africa Plains Safari | Randolph | $250,000 |
| Department of Environment and Natural Resources | Australasia Exhibit Complex Replace Africa Pavilion | Randolph | $9,000,000 |
| Department of Environment and Natural Resources | Australasia Exhibit Complex | Randolph | $15,000,000 |
| Department of Environment and Natural Resources | Chimney Rock | Rutherford, Polk, Buncombe and Henderson | $2,000,000 |
| Department of Environment and Natural Resources | Crowders Mountain | Gaston | $1,000,000 |
| Department of Environment and Natural Resources | Dismal Swamp | Camden | $1,321,000 |
| Department of Environment and Natural Resources | Falls Lake | Wake and Durham | $1,053,000 |
| Department of Environment and Natural Resources | Goose Creek | Beaufort | $1,970,000 |
| Department of Environment and Natural Resources | Gorges State | Transylvania | $3,341,000 |
| Department of Environment and Natural Resources | Grandfather Mountain | Avery, Watauga and Caldwell | $2,002,000 |</p>
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**Department of Health and Human Services**

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## Department of Health and Human Services Total

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**Department of Public Safety Total**  
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## Department of Transportation Total

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**Department of Transportation Total**  
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**Military Affairs Total** $87,200,000

**NC Community College System**

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<tr>
<th>NC Community College System wide</th>
<th>Statewide</th>
<th>$200,000,000</th>
</tr>
</thead>
</table>

**NC Community College System Total** $200,000,000

**Office of Information Technology Services**

<table>
<thead>
<tr>
<th>Office of Information Technology Services</th>
<th>Eastern Data Center Replacement</th>
<th>Wake</th>
<th>$31,100,000</th>
</tr>
</thead>
</table>

**Office of Information Technology Services Total** $31,100,000

**The University of North Carolina**

<table>
<thead>
<tr>
<th>ASU College of Nursing and Health Sciences</th>
<th>Watauga</th>
<th>$70,781,681</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNC – Charlotte Science Building</td>
<td>Mecklenburg</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>UNC Pembroke West Hall Rehabilitation</td>
<td>Robeson</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>UNC-Elizabeth City State Campuswide Repairs and Renovations</td>
<td>Pasquotank</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>UNC-Fayetteville State Lyons Science Bldg Renovation</td>
<td>Cumberland</td>
<td>$10,616,000</td>
</tr>
<tr>
<td>UNC-NC Central Univ School of Business</td>
<td>Durham</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>UNC-North Carolina A &amp; T State University New College of Engineering Facility</td>
<td>Guilford</td>
<td>$99,155,300</td>
</tr>
<tr>
<td>UNC-North Carolina State University Engineering Building-Oval</td>
<td>Wake</td>
<td>$77,000,000</td>
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<tr>
<td>UNC-Western Carolina University Science/STEM Facility</td>
<td>Jackson</td>
<td>$114,932,235</td>
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<tr>
<td>UNC-Winston Salem State Univ Sciences Building</td>
<td>Forsyth</td>
<td>$53,853,400</td>
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</tbody>
</table>

**UNC Total** $504,338,616

**Grand Total** $1,454,595,016

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**EFFECTIVE DATE**

**SECTION 30.6.** Except as otherwise provided, this act becomes effective July 1, 2015.